THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 27, 1940

Economic War or Peaceful Negotiation?

An Editorial

Soviet Russia and Japan

BY KENJI TSUNOTANI

The Asama Maru Incident

The Chusan Smuggling Center

EDITORIAL CORRESPONDENCE

Mediocrity Heads Tokyo Finance Ministry

By John Ahlers

VOLUME 91 PRICE 50 CENTS NUMBER 9

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

DR. SUN AND A DENTIST

To the Editor:

I wonder how many Chinese or Americans are familiar with the influence over Chinese affairs which was —and still is—wielded by a little-known Russian-born dentist in New York named Dr. Maurice William. According to an article in **The American Mercury**, Dr. William was born in Kharkov in 1881 and was taken to the United States when he was five years old. The immigration authorities couldn't pronounce his name so they called him "William" and it stuck. He was a newsboy, ran errands, followed the usual course of immigrant lads and at 15 was a member of the Socialist Labor Party. He studied dentistry at New York University, apparently as a means to an end, for his real interest was in the realm of ideas. He did, however, find time to lead campaigns to chase the quacks and racketeers out of the dental profession and led a fight for free dental clinics in New York. During the war he lectured on dentistry in the U. S. military camps.

But, of most consequence, he wrote a book, "The Social Interpretation of History: A Refutation of the Marxist Economic Interpretation of History." In this book he argued that better conditions for labor could be obtained by cooperation of business and labor than through the so-called "class struggle" as advocated by the Marxists.

No one paid any attention to the book with the long title until Oswald Spengler became interested in it and wrote a fine preface to the German edition.

A Chinese student named Timothy Jen bought a copy, but whether he sent it to Dr. Sun Yat-sen is not known. The important point is that Dr. Sun was deeply impressed by the book and it allegedly caused him to alter the "San Min Chu I" or Three Principles, upon which he was then engaged. Dr. Sun was at that time delivering the famous series of lectures at Canton which embraced his political principles for the Chinese Republic. He had already completed the first two of the famous "Three Principles" when he received Dr. William's book. He allegedly retired for three months—with Dr. William's book —and when the Third Principle had been completed, he explained that he no longer believed in the Marxist "class struggle."

Dr. William is still active in New York and occasionally presides at luncheons when speakers talk on Chinese subjects. He has never been in China but insists that he feels a moral responsibility in that Dr. Sun was influenced to advocate democratic principles at a time when brilliant Russian communist agitators, backed by unlimited funds, were urging the primrose course.

P. B.

Shanghai, Jan. 20, 1940

"TOBACCO ODOR"

To the Editor:

I am renewing my subscription for **The China Weekly Review** and hope that I may have better luck in receiving the paper than I have had in the past six months.

Recently the wrappers have been torn off and then tied on with rough string, but the worst thing about it is the fact that the papers fairly reek with the odor of tobacco smoke.

I certainly don't hold you responsible for the lack of delivery, but wish something could be done to insure the arrival of the paper and on time.

U. S. A.

Somewhere in Shantung,
Jan. 14, 1940

Editor's Note: If the Japanese censor will send us his name and address we will at least supply him with a better grade of smoking tobacco.

"MILESTONES"

To the Editor:

The South Manchuria Railway—which is now boosting its capital from Y. 800,000,000 to more than a billion as a phase of the inflationary program now going on in Japan—publishes a little bulletin called "Milestones of Progress."

The latest number of "Milestones" contained the following historical note: "On September 15, Manchukuo observed the Eighth Anniversary of her declaration of independence." The ceremony, it appears, was attended by a certain Director Hoshino of the General Affairs Board at Hsinking who called attention to the fact that Japan was the first country to recognize the said independence. Continuing, he stated that Japan was staking her national fate on the New Order. On Page 7 appeared the additional historical note: "It was more than apparent that Japan had no territorial designs on China and her principal aim in pushing through the China Incident was the construction of the New Order and the crushing of the Chiang regime."

It seems to me that these Historical Milestones should be made a matter of permanent record in **The China Weekly Review.**

Shanghai, Jan. 24, 1940

B.

THE CHINA WEEKLY REVIEW
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C. FRANK GLASS and HOH CHIH-HSIANG, *Assistant Editors*
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NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, January 25, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$13.11

Demand buying rate on New York: U.S.$1.00—Sh.$12.80

Demand selling rate on London: £1.0.0—Sh.$51.89

Demand buying rate on London: £1.0.0—Sh.$50.52

AMERICAN STOCK AND COMMODITY QUOTATIONS

January 23, 1940

STOCKS	*Opening*	*10.30 a.m.*
Amer. Locomotive	Unq.	Uuq.
Amer. Waterworks	10⅝	10⅝
Anaconda Copper	26¼	26⅛
Bethlehem Steel	70½	71¼
Chrysler	82	82½
Elec. Bond & Sh.	7¼	7⅜
Gen. Motors	52	52⅛
Goodyear T. & R.	22⅛	22¼
Gt. Nthrn. Rly., pfd. ..	24	24
Lockheed Aircraft	28⅞	29
Mont. Ward	51	51
N. Y. Central	15⅞	16⅛
Texas Corp.	44	44
U. S. Steel	56⅛	56⅞
COMMODITIES		
New York Cotton, March	10.72	10.66
New York Rubber, March	18.90	18.90
New York Hides, March	14.16	14.12
Chicago Wheat, May ...	—	100½
Chicago Corn, May ...	—	58¼
New York Sugar, No. 4, March	—	1.60½A

B—Bid. A—Asked.

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ARREST OF YOUNG BARES JAPAN'S PREDICAMENT OVER TREATY

BY arresting James Russell Young, correspondent for Hearst's *Interntional News Service* in Tokyo, the Japanese military clique probably has done more to concentrate the attention of the American people on the critical relations of Japan and the United States than anything they could have devised.

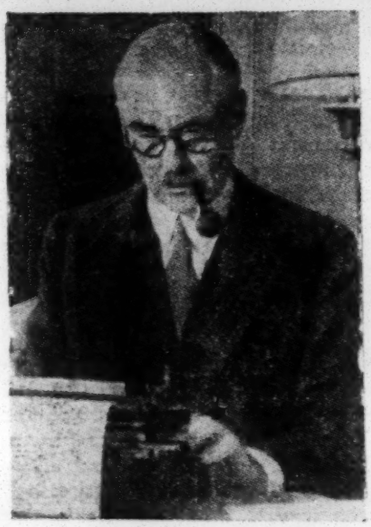
"Jimmie" Young is the outstanding American correspondent in the Japanese capital. He was born in Springfield, Illinois and comes from an outstanding newspaper family. He is a nephew, on his mother's side, of Paul Patterson, president and publisher of the *Baltimore Sun*, and is related, on his father's side, to the famous Scripps family. After graduation from Johns Hopkins in 1925 he worked on various papers, including the *Baltimore Sun*. In 1927, the year of the Chinese nationalist revolution, he signed on a German freighter with the intention of coming to Shanghai. He left the ship in Yokohama and in Tokyo was given a reporter's job on the *Japan Advertiser*, then regarded as the best English-language paper in the Orient. He finally became business manager of the paper, a position he held for 10 years.

James R. Young

While working on the *Advertiser*, he was also appointed correspondent for *International News* and representative of King Features Syndicate, also owned by Hearst. Since Hearst was "anti-Japanese" his correspondent had a difficult time, but Young stuck it out and put Hearst on the newspaper map of Japan. Some of the leading papers subscribed for INS news and William Randolph Hearst was so overjoyed that he once gave a Japanese publisher a pair of American buffaloes (bison)—which turned out to be a "white elephant" of a present for the buffaloes were said to have consumed all the available supplies of hay in the Tokyo prefecture in less than a week.

In recent years Young relinquished his work on *The Advertiser*, devoted his entire time to INS and has become an outstanding correspondent in the Far East. In the meantime Hearst has altered his policy from "anti-Japanese" to strict isolationist, arguing that the United States should cease "meddling" in Oriental and world affairs, stay at home and build the most powerful fleet in the world.

The significance of Young's arrest lies in the fact that he probably knows more about internal conditions in Japan than any other foreign resident of the country, with the possible exception of the American Ambassador, Joseph C. Grew. The two are close friends and confidants and it is whispered about Tokyo that the arrest of Young was the Japanese method of getting even with Grew. Ambassador Grew has earned the admiration of all newspapermen by the way he "went to the bat" for Young. The report that a member of the Embassy staff is actually remaining in jail with Young probably is an exaggeration, but there is no questioning the exceptional support he has received both from Ambassador Grew and Secretary of State Cordell Hull.



Ambassador Joseph Clark Grew

WHY MR. YOUNG WAS ARRESTED

As stated, Jimmie Young was arrested because he knew and wrote too much about critical conditions prevailing in Japan on the eve of the expiration of the Japanese-American commercial treaty. He had just returned to Japan (Jan. 13) from a 1,000-mile trip through both occupied and "free" China, the term *free* standing for those areas in west, southwest, northwest, and elsewhere which are not blighted by the presence of Japanese soldiers. Since Young spent several weeks in China, beginning at Shanghai and travelling to Chungking and return by way of Hongkong, Kunming and French-Indo-China, he naturally learned much about conditions in both Japanese-occupied and Chinese-controlled areas of China. Then he topped off his trip by returning to Tokyo by way of Tsingtao, Peiping-Tientsin and the puppet state of Manchukuo.

Young naturally wrote many articles which he sent by both radio and mail and since the mail stories are now appearing in the American press, it is likely that this constitutes a chief reason for Japanese military animosities. In addition it was reported that several of the Chinese leaders whom he met in Shanghai, Hongkong and Chungking, had sent him additional material —by messenger—to Tokyo. This would explain the Japanese action in searching Mr. and Mrs. Young's apartment at the Imperial Hotel and confiscating all documents, pictures, letters and copies of telegrams and correspondence. Some of the letters, allegedly, had been given to him by passengers who arrived in Tokyo on the President Coolidge on Saturaday afternoon, Jan. 20. Mr. Young was arrested early on the following morning and taken to the Marunouchi police station for examination. He was still there when these paragraphs were written.

Since the Japanese are following the methods they used in connection with the recent arrest and detention

of the Rev. Luther Tucker of Shanghai, it is presumed that the police and gendarmes (branch of army) will alternately question him about what he saw and those he met while on his trip. They also will try to find out about Mr. Young's sources of information in Japan—an important point as in the case of Rev. Tucker who had been lecturing before groups of students and conferring with student leaders throughout the country. Rev. Tucker is secretary of the International Student Movement, hence was in close touch with student groups and leaders, the great majority of whom are opposed to Japan's military adventures on the Continent. Mr. Young was accompanied on part of his trip through China by a Japanese newspaper man, Mr. Fukuda, whose father is publisher of the *Miyako Shimbun*, leading Tokyo newspaper. This paper is supposed to represent certain influential groups of businessmen and industrialists who also are not in sympathy with the Army's military adventures.

In the case of Rev. Tucker, he was held from Oct. 12 to Dec. 16 and was then "found guilty" and sentenced to four months' imprisonment on the charge of "distributing undesirable literature and circulating false rumors." The "undesirable" literature which Rev. Tucker had in his possession was a Japanese translation of Timperley's book dealing with the atrocities of the Japanese Army at Nanking. The jail sentence against Rev. Tucker was not enforced on the condition that he leave the country.

Since Mr. Young, in common with all correspondents in the Far East, probably sent to his papers a general summary of the situation prevailing in Japan and the Far East on the eve of the expiration of the Japanese-American Commercial Treaty, it is more than likely that these dispatches constituted the "culmination" of a long series of news reports about the situation in Japan which the military leaders did not wish to have exposed to the outside world. According to reports received in Shanghai, Japanese censors in recent days have held up all dispatches filed by correspondents which referred to the critical situation prevailing in Japan.

Foreigners arriving in Shanghai from Japan state that the military censors will not permit any dispatches to be sent out of Japan which express skepticism about Japanese policy concerning such subjects as the "reopening" of the Yangtsze or Japanese promises concerning resumption of trade in Japanese-occupied areas. Any reference to the lack of value of Japanese diplomatic assurances is completely suppressed and no correspondent is permitted to refer to the wave of crime, opium debauchery, bribery, intimidation, hijacking threats, interference with press, mail and radio, seizure of Chinese communications organs or the stifling of international trade by Japanese military -supported monopolies which have been set up in Japanese-occupied areas.

Likewise, no correspondent in Japan is permitted to send any reports concerning Japan's control of the Chinese Maritime Customs funds and manipulation of tariffs to aid her own business and embarass Americans and Europeans (excepting German Nazis and Italians). Likewise they are prevented from sending anything concerning Nippon's manipulation of currency and the enforced use of "Yen bloc" money, while Japanese competitors are permitted to use bootleg greenbacks. No newspaperman is allowed to send any stories about the Japanese Army's attempt to control and manipulate the Christian Church in China, or the premeditated and continuing airbombing of churches, hospitals, educational institutions and libraries. Likewise they are unable to send reports to their newspapers about the Japanese Army's policy of arresting and intimidating Chinese employees of American and other foreign firms in northern Chinese cities. There were several instances in North China where Chinese cashiers of foreign banks were arrested and tortured in an attempt to force them to divulge information regarding the private affairs of customers of the bank.

It is no longer possible to conceal the seriousness of conditions and the alarming shortages of necessities in Japan. The fact that both foreigners and Japanese who can afford the price of a steamship ticket come to Shanghai to do their shopping is widely known, but no newspaperman in Japan is permitted to send any cables about the shortage of electricity due to continuous drought, or about the dearth of rice, or about inflationary tendencies and the approaching money chaos due to inflation at home and the support of "bastard" note issues in Manchukuo, "FRB" notes in North China, "Hwa-Hsing" money and inconvertible military scrip in central China.

Any correspondent who would dare to send a dispatch from Japan telling of the artificial, critical, uneasy atmosphere which prevails in Nippon, or who would dare to contrast that atmosphere with the genuinely optimistic and united spirit which prevails in Chungking, probably would be placed in a cell alongside that occupied by Jimmie Young.

By putting the No. 1 foreign newspaperman in jail, just prior to the expiration of the Treaty, the Japanese hope to intimidate all foreign newsmen and thus prevent the dissemination over the world of reports bearing on the conditions summarized in the preceding paragraphs.

⁂

WILL IT BE ECONOMIC WAR WITH JAPAN OR PEACEFUL NEGOTIATION OF A NEW TREATY?

Chester H. Rowell, editor of the *San Francisco Chronicle* and outstanding publisher and journalist of the Pacific Coast, is of opinion that there is a willingness on the part of Pacific Coast businessmen to forego some temporary trade rather than face a Japan-dominated Orient from which American and European enterprises would be effectively barred. And while there is considerable isolationist sentiment—as indicated in the attitudes of the two outstanding senators from that region, Johnson and the late Borah—the Pacific Coast is, of course, as unanimous as the Atlantic for a strong navy and—to quote Mr. Rowell's words, "The Pacific Coast is perhaps less naive about its demands for a strong navy than is the case on the Atlantic Coast." He declared further that the people on the West Coast, "our side of the continent," know that the zone of American defense extends far beyond the coast and includes the Aleutian-Hawaii-Panama triangle. He also said that there was a general realization that so long as the British Navy is in being to keep Europe's troubles on their own side of the Atlantic, the major function of the American Navy will be in the Pacific. Finally he expressed the view that few probably would like to see the United States permanently committed to defend the Philippines, partly because of legitimate naval considerations, but chiefly because the laboring people in the United States, "would like to get rid of the resident Filipinos and because the beet sugar producers and oil refiners want a tariff on Philippine sugar and coconut oil." Prevalent opinion on the Coast—which Mr. Rowell did not share—"was for complete and early Philippine independence with no further responsibility on our part."

These remarks by an outstanding journalist and observer on the U. S. Pacific Coast indicate that there are other elements than Japanese interference with Americans and their interests in China involved in the complications of Japan and the United States. It was significant that Mr. Rowell's article, which occupied several pages in January *Foreign Affairs*, made only slight

mention of the "China element" in his discussion of the subject, "The Pacific Coast Looks Abroad."

The fact that naval competition and the vital element of "balance of power" in the Pacific are involved in the Japanese-American controversy should indicate to thinking persons that no mere "appeasement" policy on the part of a dozen or so Japanese warlords strutting about the Chinese landscape could lead to a settlement of the complications existing in the relations of Nippon and U. S. A. While there were rumors that some temporary arrangement might be made for carrying on normal relations as affecting the stationing of consuls and rights of businessmen to reside in the respective countries, it was obvious that such an arrangement could have little effect on the more serious elements involved.

Any schoolboy who has studied the "Far Eastern Question" as subject matter for a graduation thesis knows that American relations with China predated our relations with Japan; that the subjects of Exterritoriality, Opium Suppression, Missionary Activity, the Open Door and Equality of Opportunity, date back to the very beginnings of America as an independent nation; that early American contact with the trade of China was directly responsible for the discovery of California and the West Coast and the realization on the part of the East Coast colonists that they were living on a continent which it was their destiny to control.

The Washington Conference, attended by delegates of all important nations about the Pacific, except Russia, started out as a sort of round-table discussion to limit dangerous rivalries in competitive naval construction. But it was quickly discovered that there could be no agreement on naval construction until other questions in the background were solved first. Most of these questions led to China and the rivalries of the Powers for the trade of this country. The result was the Nine-Power Treaty wherein all—including China—agreed to observe certain rules in their relations with each other and with China. The Treaty constituted a Magna Carta for China in that it guaranteed the political, territorial and administrative integrity of the country in the period of transition through which it was passing in the development of a modern state.

That the Japanese later violated the signatures of their authorized delegates and repudiated their responsibilities for cooperating in the interest of a peaceful solution of international problems was not surprising to those familiar with Japanese psychology. The Japanese never have had the same conception of inviolability of contracts, either in private business or in their international relations, such as we have had, or as the Chinese have had. As Chester Rowell put it "When the Chinese said 'Can do,' he did. When a Japanese found a contract no longer profitable, he thought us unkind to hold him to it!"

Thus the Americans find themselves "suddenly and dramatically" in a treatyless situation with an Oriental Power, which has never regarded treaties as mutually binding when or if they became disadvantageous, and which has never hesitated to use methods, even involving methods of the jungle, to accomplish its designs.

In order to keep the record straight, we list the following essential points, most of which were culled from articles in *Foreign Affairs*:

1—The United States gave formal notice for termination of the 1911 Treaty of Commerce and Navigation with Japan on July 26, 1939. As the treaty provided that six months must elapse before this action could take effect, it meant that the definite date of termination was Jan. 25, 1940. That was Thursday of this week or two days preceding the date which appears on the cover of this week's issue of *The Review*.

2—The 1911 Treaty not only provided most favored nation treatment between the countries, but established the legal basis for commerce, navigation, property rights, residence, travel, protection of laws and access to courts of the nationals of each party in the territories of the other.

3—While the American action was regarded in certain circles as political rather than economic (in the United States) this attitude does not apply to Americans directly concerned with trade in the Far East with Japan as well as China, where economic considerations are paramount. The same applies to the West Coast where cheap water power and growing population are certain to lead to vast expansion of overseas trade.

4—The resolution in the Senate calling for the abrogation of the Treaty was introduced by Senator Vandenberg, outstanding candidate for the Presidential nomination on the Republican ticket. The object of the resolution was to enable the United States to "be free to deal with Japan in the formulation of a new treaty and in the protection of American interests as new necessities may require."

5—There was pending in the Senate at the same time another resolution introduced by Senator Pittman to forbid the shipment of war supplies to Japan. Since the Pittman resolution, if passed, would constitute a violation of the Treaty of Commerce, the Vandenberg resolution was designed to remove the danger of treaty-breaking. Since Japan had violated the Nine-Power Treaty, the United States did not wish to take any action having a similar implication.

6—On July 26 when the Foreign Relations Committee postponed a decision on the Vandenberg resolution, President Roosevelt acted at once, as he had full authority to do.

7—The effect of the President's action was profound. Japan appeared to be shocked, China was jubilant, Great Britain and France heartened, Germany and Italy disturbed, and Russia pleased. There was almost universal approval in the United States as it indicated that the Administration, in taking the action, desired to protect American interests in China and to take some positive step which might persuade the Japanese that depredations against American citizens and American property must cease. The public saw in the action a desire to do these things and at the same time indirectly to help China and to hamper Japanese aggression.

8—The action of President Roosevelt in terminating the Treaty seemed to indicate that the Administration may support the Pittman embargo resolution in the present session of Congress—unless Japan definitely intends to mend her ways. It means that if Japan continues to flout American rights, retaliatory action—short of force—on the part of the United States may be expected.

9—While Japan appeared shocked at the American action, there has been no indication in succeeding months that there has been any alteration of her program of establishing a so-called "New Order in East Asia." Instead she has redoubled her propaganda activities designed to make the United States "understand" her position. There has been no change in Japan's objectives despite the feeling which prevails in the United States that if Japan attains her objectives it will lead to a destruction of American interests in China and ultimately throughout Asia.

10—Congress has been subjected to increasing pressure on the part of special groups and the public to openly support China against Japan. The administration took a definite step in that direction by making a loan of U.S. $ 25,000,000 to China through the Export-Import Bank to finance Chinese purchases in the United States.

11—A recent survey by the American Institute of Public Opinion Indicated that 82 per cent of those voting favored imposing embargo on the sale of war materials to Japan, following the expiration of the Treaty.

12—If the abrogation of the Treaty was intended as the first step in bringing pressure to halt Japanese depredations in China, then further steps are to be anticipated, particularly since Japan has paid little attention to the "threat." It is, of course, generally realized that "measures short of force," in a world already at war, look rather puny. Once the gage has been taken up and the issue joined, force to the utmost must ultimately be applied.

13—The outbreak of war in Europe—since the American action on July 26, 1939—has brought about great changes in the world situation: Japan's need of American goods, particularly war materials necessary to complete her conquest of China, has been greatly increased. Japan's purchases in Europe in 1938 totalled 376 million yen, almost half of which came from Germany and 17 per cent from Britain.

14—If Japan intends to rectify her relations with the United States so as to be able to make a profit out of the European War, she should find it advantageous to do so as quickly as possible. Should Congress pass the embargo resolution, Japan will find herselt in a desperate situation.

A Mediocrity Heads Japan's Finance Ministry

BY JOHN AHLERS

THERE are many shortages in Japan today, but there is not yet a dearth of fine financial brains in the country. The financial genius of Mr. Korekiyo Takahashi, it is true, has not yet found a worthy successor. But Dai Nippon can proudly boast of men of outstanding financial capacity such as Mr. Toyotaro Yuki, president of the Bank of Japan, and Mr. Seihin Ikeda, president of the Central Price Commission. Men like these rank among the best financial authorities in the world.

Such men, however, are not very eager to come forward on the political stage and take the position of Minister of Finance. Admiral Yonai, in forming his new Government, had the greatest difficulty in finding a suitable Minister of Finance, for all the really outstanding Japanese finance men politely refused. In the end, the Admiral had to entrust his financial portfolio to Mr. Y. Sakurauchi, who only can be described as a poor choice.

Japan's new Minister of Finance is rich and an experienced business man, but he certainly has not the qualifications of a Minister of Finance. He has no experience to speak of in that field. He made a poor Minister of Agriculture and Forestry in the Hiranuma Cabinet of last year, and failed to discover, in time, the rice shortage. He was Minister of Commerce and Industry in the Wakatsuki Cabinet nine years ago, and he was not outstanding in that position either. He is a party politician of the Minseito, nicknamed by the party propagandists the "Nestor" of the organization.

When Admiral Yonai found himself unable to secure as Minister of Finance one of the financial master-minds of his country, he appears to have thought of desisting from forming a Government. It seems to have been the intriguing Mr. Kurahei Yuasa, Lord Keeper of the Privy Seal, who persuaded him to stay and to entrust the important Finance Ministry to the Minseito. Admiral Yonai and Mr. Yuasa, of course, thought of inducing Mr. Chuji Machida, president of the Minseito, to accept the post. They tried to arouse his jealousy by intensive flirting with both the Nakajima and the Kuhara factions of the Seiyukai. Mr. Machida, however, proved to be too clever a fox. He refused, after the Seiyukai flirt had come to nothing, and played the Ministry of Finance into the hands of his minor colleague, Mr. Y. Sakurauchi, without obligation for the Minseito Party. That is how Japan got her new Finance Minister.

From the very first declarations made by Mr. Sakurauchi in his new position of Minister of Finance it is obvious that he has no definite financial plans of his own, and that he is being put under severe pressure by the greedy military. He will introduce to the Diet the budget drafts worked out by the Abe Cabinet, and he is recognizing from the outset the Army's claim that military expenditure ought to be increased since it has been calculated upon the basis of the 1938 price level, which is a thing of the past. The latest issue of the Mitsubishi Research Bureau's monthly circular estimates the national income of Japan for the past year at Yen 26,000,000,000. The Abe Cabinet's budget drafts provide for a total 1940-41 expenditure of Yen 10,300,000,000 which would take up no less than 40 per cent of Japan's national income. If the Yonai Cabinet, following Mr. Sakurauchi's lead, should further increase allotments for military expenditure, it will only increase the financial crisis in Japan which the Cabinet has been appointed to help overcome. In the financial crisis of every government there is but a single way which, in the long run, will safely lead out of the difficulties. That is the way of thrift. Mr. Sakurauchi, however, seems inclined to go the opposite way of a spendthrift.

The position of Finance Minister, it must be said in excuse of Mr. Sakurauchi, is a difficult one in any government. The Finance Minister in every country is at the head of the government service which collects the bulk of the revenue, and at every Cabinet meeting he finds himself surrounded by a dozen or more ministerial colleagues who think it their chief task to spend freely the money the Finance Minister collects. In every instance of a refusal of funds asked for, the Finance Minister runs the danger of being accused of lack of patriotism. This is the case, in particular, when a country is involved in war and when its fighting services exercise an extraordinarily large influence, as today in Japan. The Japanese have an outstanding record of political murders committed because of financial and economic issues. The record year of such assassinations was 1932, which claimed the lives of the Minseito Finance Minister J. Inouye, the Seiyukai Premier Inukai, and Baron Takuma Dan. Mr. Seihin Ikeda, who followed Dan as chief Mitsui tycoon, very narrowly escaped assassination. It is but natural that Mr. Sakurauchi should not be particularly encouraged by those assassination records, especially since the secret organizations which staged the political murders were never hunted down but continue to enjoy the esteem and confidence of extremely influential quarters. At any minute, the bloodhounds may be loosed again.

It is certainly not alone fear for their lives which makes Japan's best financial experts shrink from seizing the reins of the Tokyo Finance Ministry. It is largely their conviction of the futility of any effort to save Japan financially at the present time. Any honest Finance Minister would have to tell the military that Japan no longer can afford to finance the China war adventure to the past extent. He would have to explain to the generals that inflation in Japan has advanced so far as to threaten the very foundations of Japanese economy; that taxation has been increased to the bearable maximum; and that the credit of the state definitely has been overdrawn. He would have to tell these truths to the military knowing that they are unable to understand the financial plight of the country, and that they will not believe him. The military are being blinded by the inflation. They see all nominal value figures in Japan constantly increase, and they simply are at a loss to comprehend why, in these circumstances, they cannot have more money for their war and armaments on the Asia continent. They are completely unaware of a true Finance Minister's mission to conduct a reasonable financial policy, but consider a man in that position merely as a sort of chief purser to the Army.

For only seven months out of the thirty months since the China war began has Japan had a first-rate Finance Minister. This was in the time of the second Konoye Cabinet, when Mr. Seihin Ikeda exercised concurrently the functions of Finance Minister and Minister of Commerce and Industry. Mr. Ikeda had brought about rapprochement between the Mitsui interests and the military expansionists; he was in favor of the war in China; and he was, and possibly today still remains, a member of the Kokuhonsha, Hiranuma's extremist secret association. But Mr. Ikeda is a Harvard graduate of economics (class 1895), a sound and experienced banker, hand-picked by the Mitsui reformer Nakamigawa himself; for years after Takuma Dan's assassination he was chief managing director of the Mitsui Gomei Kaisha; and he continues to be the foremost among the Mitsui

senior advisers. Mr. Ikeda is not to be fooled in the field of figures. He gave the military all the financial assistance Japan could afford, at that time, but he told them that there was a definite limit to their demands for further funds. He strongly opposed the enactment of the ill-famed Article 11 of Japan's National Mobilization Law in the direction of establishing full-fledged military control over all branches of private economy. It was not long before he had again to fear for his life, while realizing that all his warnings went unheeded; and it was his resolution to resign that formed the last straw also for Prince Konoye. They both went out of office in January, a year ago.

The other three war-time Finance Ministers of Japan who have preceded Mr. Sakurauchi were mere routine officials of the type who should never advance beyond the vice-ministerial position. They were Messrs. Okinori Kaya (First Konoye Government), Sotaro Ishiwata (Hiranuma), and Kazuo Aoki (Abe Cabinet). They were what remained of the so-called Kuroda Clique in the Tokyo Finance Ministry, named after Mr. Hideo Kuroda, a one-time vice-minister under Takahashi. All three had but bureaucratic knowledge and capacities. Mr. Kaya had slaved for 18 years in the Budget Bureau. Mr. Ishiwata worked his way up in the Taxation Bureau over a period of 20 years. Mr. Aoki looked back upon 20 years in the Bureau of Finance. All three were but the pursers to the Army, as the Army wanted them to be. All they knew was how to increase taxes and force bond issues upon the banks and the general public. They had neither plans, nor vision. Under Messrs. Ishiwata and Aoki, in particular, things financial in Japan went from bad to worse. There are still some more finance officials of this type in Tokyo who, in all probability, will become successors to Mr. Sakurauchi after the fall of the present Yonai Cabinet. They will not achieve anything.

A day will come when Japan will have to discontinue the China war and to face in all seriousness her great financial problems; a day when Prince Konoye, Marquis Kido, and other really first-rate men will have to be entrusted with the reins of the Tokyo Government. It is such persons who may have a chance to attract first-rate financial brains to the Finance Ministry. But this day does not yet seem to be very near.

The Passing of Senator Borah—Isolationist

It is necessary to understand the American political system —the constitutional provision of two senators from every state regardless of size of population or economic importance—in order to appraise the life, political accomplishments and significance of the position of the late Senator William Edgar Borah of Boise, Idaho. While Borah represented a state of little economic consequence in the American Union, a state with a population of less than half that of the Shanghai International Settlement, he became an important figure in American and even in world politics, due to his chairmanship of the powerful Committee on Foreign Relations of the United States Senate. There is no desire to imply that Borah did not possess ability—which he did possess—but he owed his position of power—unusual power—to the fact that he had a personal following in a state possessing a small population. Somewhat similar to Senator Johnson of California, Borah's constituents always supported him and kept on reelecting him regardless of his position on national or international affairs. Senator Borah opposed revision of the Neutrality Law but what he really was voting on in October, 1939 was the League of Nations and the original 1919 controversy over America's participation in the creation of and maintenance of some form of order in the world. But despite his isolationist views Borah was a friend of China and supported this country at the Washington Conference and since the beginning of the Japanese invasion.

Senator Borah was born at Fairfield, Illinois June 29, 1865 and attended the University of Kansas. He went to Boise, Idaho in 1891 to practice law, was elected to the Senate in 1907 and was reelected six times. He served on numerous important committees, but was best known as Chairman of the Foreign Relations Committee. He supported Senator Hiram Johnson of California for President in 1902 and helped elect Herbert Hoover to the Presidency in 1928.

Earl Browder Given Jail Term for Passport Fraud

EARL Browder, General Secretary of the Communist Party in the United States, will shortly be on his way to Sing Sing Prison to join Fritz Kuhn, leader of the Nazi American Bund —unless he succeeds in his appeal against conviction for passport frauds. America's No. 1 "Red" was found guilty in New York on Jan. 22 on charges of twice using American passports obtained by false statements and was sentenced to two years' imprisonment and a fine of $1,000 on each of the two counts, the prison terms to run consecutively. Fritz Kuhn, his prison companion-to-be, was recently sent to jail for embezzling the funds of the Nazi American Bund.

Helped Convict Browder

Walter G. Krivitsky

Although he engaged a leading New York lawyer to defend him, Browder summed up his own case. The case for the prosecution, he asserted, was a "long, complicated and flimsy chain," adding that he was proud to be a Communist and had nothing to apologise for.

Although Browder helped bring about his own conviction for fraud by an admission —apparently made inadvertently before the Dies Committee —that he had used forged passports, a man named Walter G. Krivitsky, former head of the Soviet Military Intelligence Service in Western Europe, was a factor in his downfall. Krivitsky, now an exile living in the United States, published an article in the *Saturday Evening Post* in which, while exposing counterfeiting activities of the Stalin Government, he asserted that Browder had used an American passport issued in the name of Nick Dozenberg when he travelled to Soviet Russia as far back as 1921.

Dozenberg, according to Krivitsky, was subsequently swallowed up in the great Stalin purge in Russia. But here Krivitsky turned out to be wrong, for Dozenberg was arrested on Dec. 9 in the little town of Bend, Oregon, where he was found to be running a grocery store under the name of Nicholas Dallant. Reputed to be one of Stalin's ace agents in the United States, Dozenberg fled from his fashionable apartment in Washington, D.C. last fall, hoping to hide himself in obscurity in the small Oregon town. He will face a Federal indictment for consipiracy to violate the passport laws. His bail has been fixed at $50,000.

The article by Krivitsky, in which this-ex-Soviet agent revealed Stalin's counterfeiting activities, appeared in *The China Weekly Review* for Nov. 4, 1939 and makes especially interesting reading now in the light of Browder's conviction.

Migration of Japanese to Manchukuo Pitifully Small

Despite all the noise about the migration of Japanese to the Japanese-controlled state of Manchukuo, official figures published in Tokyo early in the present month indicated that the number of persons sent to the Kwantung Army's totalitarian "paradise" was pitifully small, much smaller than the number of Japanese who flocked to Chinese cities south of the Great Wall hoping to find fortunes. The Department of Commerce and industry, for example, announced that it had "settled" 29 families of small merchants and industrialists in Manchukuo in 1939 and hope was expressed that 60 similar families might be settled in Manchukuo, north and central China this year. The number of families sent to Manchuria through collective colonization parties in Japan, numbered 2,924, including 2,150 from the Eighth Colonization Corps and 774 from the Ninth Corps. Since the establishment of the puppet state in 1932 the total number of families sent to Manchuria from Japan proper was 13,610, comprising 25,284 persons. It was hoped that by March this year the total would be 30,000. In addition to these the Army authorities claimed that they had settled 29,054 persons in Manchuria, presumably reservists connected with the Volunteer Corps. A scheme to settle 10,000 Koreans in Manchuria was not carried out for some reason. The Manchurian Colonization Company, which exercises general supervision over the migration of Japanese to Manchuria, announced that it had sold bonds in 1939 amounting to Yen 110,000,000, representing apparently the expenses involved in migrating the 3,000-odd families to the new state.

Chusan Islands Converted into Important Smuggling Center by the Japanese

(Editorial Correspondence)

THE islands of the Chusan archipelago, off the coast of Chekiang Province remained a part of "Free China" until June 23, 1939, when Japanese forces occupied Tinghai, main port of Chusan Island, largest of the insular group. Chusan Island lies off Hangchow Bay, 120 miles south of Shanghai.

For two years after the outbreak of the Sino-Japanese war, the islanders lived peacefully and happily, untroubled by the fighting raging on the mainland. They thought the Japanese might "overlook" the Chusan Islands because of their unimportance in all respects, Nevertheless, they were not unduly optimistic.

The Japanese were not attracted to the islands because they were busy conquering cities along the coast and inland, and because the crops raised in the islands are scarcely sufficient to feed the population four months out of twelve. Large quantities of rice are brought in annually from Haimen, in Chekiang province.

Main crops of the islands are rice and sweet potatoes. Peanuts and beans are also grown, but not in large quantities. Chickens and turkeys are also raised by the islanders. In addition, many of the islanders manufacture salt, but the method is so primitive that the resulting production is not large. Revenue from the salt tax is therefore quite small.

The hills of the islands are bare in the extreme. Fuel is consequently scarce. Haimen has always provided the islanders with charcoal, which is imported in large quantities. The islands have neither coal nor mineral ores, as far as is known.

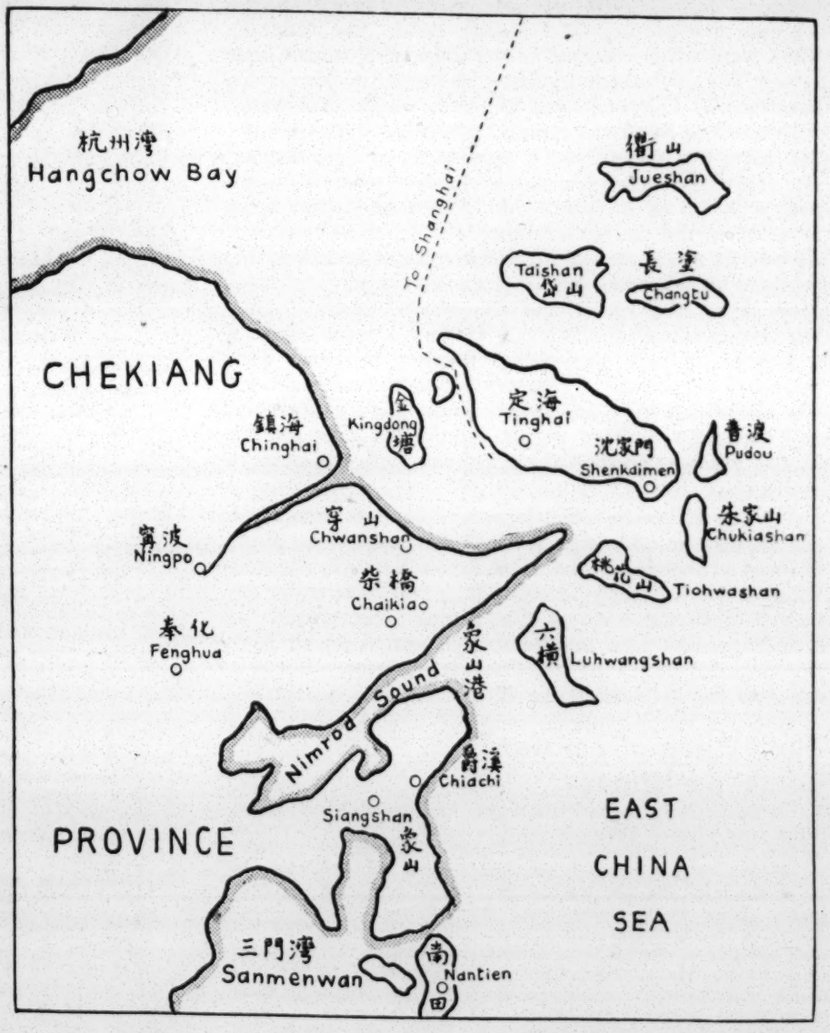
Only a small part of the population engages in sea-fishing. Here, too, methods are backward, and the small catch could never compete with the sea foods of any fishing base in Japan.

Considered economically, then, there was reason to believe that the Chusan Islands would be left in peace, a part of Free China. A Catholic sister once suggested, ironically, that since the Japanese might mistakenly regard the islands as having some economic importance, it might be advisable for the people to erect large signs along the shores, reading: "No food, no coal, so please do not land!"

Militarily, the islands could not have caused the Japanese any anxiety. There are no fortifications except a large gun of pre-1842 vintage, placed in an old fort some time before the Opium War, and there are no defensive works except a few dug-outs here and there which were never expected to be used. As for armed forces, there were only the volunteers and armed police who maintained order in Tinghai and the islands generally.

After the Opium War of 1842-45 British troops were in occupation of the islands, but they abandoned the territory when Great Britain secured Hongkong. Japan could have taken the islands at any time. The question is: What has Japan gotten from the islands since June 23, 1939? In seeking the answer to this question, it is necessary to recall that the Chinese Government at Chungking has imposed severe restrictions on the importation of certain categories of goods to Shanghai, which were transhipped from there to Ningpo for entry into Free China. Likewise, imports to and exports from Ningpo were subjected to taxation., Moreover, since last autumn foreign exchange transactions to cover purchases of foreign goods have had to be carried out at Ningpo instead of at Shanghai. Consequently, Ningpo has taken the place of Shanghai as a tax-collecting port and a center for maintaining the Chinese currency. In this way, the Chinese Government has been making good the revenue lost at Shanghai.

Scene of Japanese-Fostered Smuggling



Review Map by P. C. Chen

It is to counter this situation that the Japanese are maintaining control of the Chusan Islands. A glance at the accompanying map will show how strategically the islands are located with reference to Ningpo, and how valuable they are as a point of communication with the neighboring mainland. Since there is no Chinese navy to patrol and control the coastline, the Chusan Islands can form a center from which large-scale smuggling of goods into interior China can be carried on.

Information gathered by the writer from many

sources shows that large junks are employed to carry fish and other sea products to Shanghai from Shenkaimen (沈家門). When these products reach Shanghai they are unloaded at the wharf of the Yangtszepoo Fish Market. The junks then take on other cargoes and sail back to Shenkaimen. There the incoming cargoes are distributed among fishing boats, which take them to various points along the coast, whence they are taken into the interior of China.

Large quantities of contraband goods are in this way smuggled in and out of Chinghai (鎮海), Chaikiao (柴橋), Chwanshan (穿山), Siangshan (象山), Zingnan (靖南), Chiachi (爵溪) and Fenghua (奉化). Goods which are smuggled out of Free China are mostly tung oil, alum, bristles, hides, tea, raw cotton, hemp and flax, cotton seed oil, mustard seed oil, coal tar, intestines; goods smuggled into Free China are cigarettes, cotton fabrics, matches, kerosene and paper.

Thanks to smuggling, Shenkaimen has become a flourishing commercial center. Taxes levied on cigarettes coming from Shanghai alone yield a revenue of about $80,000 a month. The population is growing and it is easy to make money. Vessels come to Shenkaimen from all directions. Shenkaimen today is what Shanghai's Nantao was before the war. The Japanese have designated it a "Special District."

Thus our question is answered. The Japanese did not want the Chusan Islands for any military-strategic reasons, but to damage and disrupt China's fiscal system. The islands have gained an economic importance they never possessed before, but only as a wholesale smuggling center.

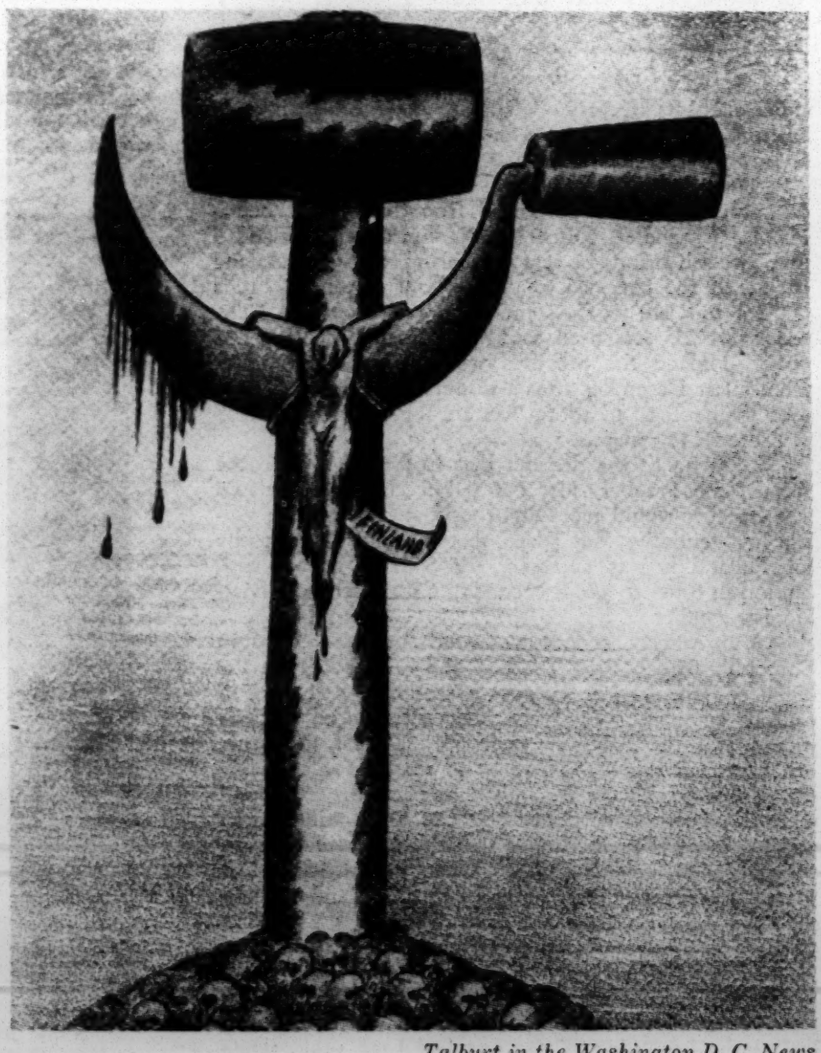
U.S. Neutrality Act Not to be Applied to Finnish War; Speech by Churchill Arouses Neutral States

APART from the usual dismal record of merchant ships sent to the bottom of the sea by mine and torpedo, European war news during the past ten days has been confined to the Soviet-Finnish hostilities, while war speeches by British statesmen, which have had repercussions in neutral countries, have also loomed large on the general scene.

Juridically, as far as the United States is concerned, Finland and Soviet Russia are not at war. This was made clear last week by President Roosevelt, who stated at a press conference that the Neutrality Act would not be applied to the Finnish conflict since no state of war had been proclaimed by the belligerents. That this attitude is not fully approved by members of the U.S. legislature was indicated by two resolutions introduced in the Senate—one by a Republican, the other by a Democrat—demanding a Presidential proclamation that a state of war existed between Finland and Soviet Russia and the application of the Neutrality Act to the conflict. The Democratic Senator wanted a similar declaration with regard to the conflict in the Far East between China and Japan. Both resolutions were referred to the Foreign Relations Committee of the Senate.

There may be no war in the juridical sense, but fighting on the Finnish-Soviet front is nevertheless very real, with the Red Army still making strenuous efforts to crack open the Mannerheim Line. Extraordinarily severe Arctic weather, while furnishing some aid to the Finns, is making the campaign one of the most arduous in military annals. Early this week, according to reports from Helsinki, Finnish bombers raided the powerful Soviet naval and air base at Kronstad. Situated on the Gulf of Finland, this mighty fortress guards the sea approaches to Leningrad. It was claimed that the air raiders inflicted considerable damage. The Russians, meanwhile, have continued their bombing raids on the cities of Finland. Casualties have been slight, it is stated, because the bulk of the population were previously evacuated, while those who remained are adequately provided with air-raid shelters.

How long will Finland be able to hold out against the superior might of the Red Army? This question was raised and answered on Jan. 23 in reports from European agents of the Carnegie Endowment for International Peace, which were released for publication by Dr. Nicholas Murray Butler, president of the Endowment and also president of Columbia University in New York



Talburt in the Washington D. C. News

City. These reports asserted categorically that without more active foreign support Finland could not resist the Soviet invasion for more than another ten weeks.

The gist of the reports, according to *Reuter*, was that if the United States does not help Finland, the Scandinavian countries will succumb to aggression one after another. "Britain is not in a position to give Finland much help because she needs all the ammunition she can manufacture, and because it is felt that British intervention in support of Finland would be almost certain to precipitate immediate and direct intervention in all Scandinavian countries," the reports declared, adding that Finland's present supplies of food

The Strangest War

Detroit News

and armaments are very low and are likely to be exhausted when weather conditions alter in a few weeks so as to favor an overwhelming Soviet offensive.

The Swedish parliament roared its approval on Jan. 17, *United Press* reported from Stockholm, when Mr. R. J. Sandler, former Foreign Minister, demanded that Swedish troops be sent to Finland's strategic Aaland Islands at the entrance to the Gulf of Bothnia. "It is not yet too late to do something," he asserted. "The last word has not been said." Mr. Sandler, who had visited Finland the previous week, resigned from the cabinet last December after a dispute with his colleagues over their refusal to adopt "certain immediate measures" to protect the Aalands.

Replying to the demand that troops be sent to the islands, the Premier, Mr. Per Albin Hansson, declared that Sweden would meet vigorously any attempt to violate her neutrality, but added that in spite of sympathy for Finland it was necessary for Sweden to act with caution in order to avoid becoming a party to the Soviet-Finnish conflict.

A broadcast speech delivered by Mr. Winston Churchill, British First Lord of the Admiralty, on the night of Jan. 20 has aroused a storm of comment in neutral countries. Implying that all neutral nations should join the Allies in their fight against Germany, Mr. Churchill said: "There is no chance for a speedy end of this war except through united action. Although there is no reason to doubt that the Allies will be victorious, there is great danger that the war will drag on without such united action. What would happen if France and Britain grew tired of this war and made a shameful peace? Then the neutral countries would be divided between opposite, though similar, barbarisms—Nazism and Bolshevism!"

In the course of his address, Mr. Churchill also asserted that fully half of the submarines which Germany had at the beginning of the war had been sunk, while Germany's program of new building had fallen far behind what the Allies had expected. "So far," he continued, "small neutral states are bearing the brunt of German malice and cruelty. Neutral ships are sunk without law or mercy, not only by the blind and wanton mine, but also by the coldly considered and deliberately aimed torpedo. It is only in British and French convoys that safety is to be found. There the odds are 500 to one against ships being sunk."

A cautious *Reuter* report from London on Jan. 22 said that Mr. Churchill's speech had found warm support in France (the German *Transocean* agency asserted this was not the case and that certain members of the French Cabinet were enraged, because they felt that Churchill had given the impression that the Allies were not strong enough to win the war alone), but that it did not appear to have created a "too favorable impression" in Belgium and Italy. Political circles in Rome cited the speech, the agency said, as justifying the accusations frequently made in the Italian press that Great Britain and France have for some time been doing their utmost to extend the field of battle to the whole of Europe.

The Brussels paper *Independence Belge* said it was understandable that the belligerents should endeavor to gain allies, but that Belgium has no need of being reminded of her duties by foreigners. Nobody has attacked Belgium, it was pointed out. The country is prepared for all eventualities, but remains neutral. Equally sharp comment on the Churchill speech appeared in the press of some of the Balkan states.

Political circles in Berlin said the Churchill speech recalled the tactics of the Allies in World War I. At that time, they pointed out, the Greek port of Salonika was occupied by Allied troops in violation of Greek neutrality and Greece forced to join the Allies. The Greek King, who opposed his country's entry into the war, was forced to abdicate. Churchill's speech, it was held, may mean a renewal of Allied endeavors to drag neutrals into the war on their side. Germany would watch all such British moves with heightened

What a War!

London Daily Herald

Ruby Rumor to Panicky Percy: "My fiancee reckons that even if the war stops most of us will die of something else."

attention, likewise the reaction of the neutrals thereto, it was warned.

Speaking at Leeds on Jan. 20, Lord Halifax, British Foreign Secretary, said the British Government did not underate the sternness of the struggle with Germany. "We realize that to secure victory we shall require all the resolution and energy we can command . . . The sacrifice of war is very great, but there is no doubt in my opinion that it will be borne more easily by the man who is in it from conviction than by the man who is in it by coercion." This remark has a curious flavor in view of the fact that military service is as compulsory in Britain and France as it is in Germany.

That opinion in the British Empire is by no means uniform as regards the war issue was shown in a *Reuter* report from Cape Town on Jan. 19, recording the fact that Gen. J. B. M. Hertzog, leader of the Nationalist opposition, introduced a motion in the Parliament of the South African Union which read: "This House is of the opinion that the time has come for the state of war against Germany to be ended, and for peace to be restored." Details of the vote on the motion have not been reported.

Plunging into overt partisanship on the side of the Allies, 33 Protestant clergy and laymen in the United States—among them being the Bishop of the Protestant Episcopal Church, the President of Yale University and the President of Brown University—issued a manifesto on Jan. 23 in which they declared that "the basic distinctions between civilizations in which justice and freedom are still realities, and those in which they have been displaced by ruthless tyranny, cannot be ignored.

"A victory for the Allies and China," the statement asserted, "would not in itself assure the establishment of justice and peace, but a victory for Germany, Russia and Japan would inevitably preclude justice, freedom of thought and worship, and that international cooperation which is fundamental to Christian world order. The United States cannot have a part in determining a just and stable peace unless, during the conflicts, she proves herself alive to the deeper issues involved and is sympathetic and prepared to make a contribution to a better future. That contribution cannot be merely in terms of moral preachments and lofty ideals for the conduct of other nations, but rather of responsible national participation in the long and painful task of reconstruction."

Apparently regarded by the New York *Herald-Tribune* as a call for active American participation in the European conflict, that paper featured the manifesto on its front page and declared in an editorial: "The appeal is a refreshing confirmation of the fact that soft-minded pacifism is on the decline in the United States."

This indication that we are rapidly getting back to the atmosphere of the first World War, when those who objected to being slaughtered or slaughtering others were not only "soft-minded pacifists" but worse, was supplemented by an interesting report from Singapore on Jan. 23 in which *United Press* reported that the Naval Court in that city had severely reprimanded Warrant Engineer Hercules Wright for prejudicing "good order and naval discipline." Wright was charged with having put before Leading Stoker Roger Henry Le Page a document "drawn up in a manner likely to undermine public confidence." The document, which witnesses said had been drawn up by Wright himself, purported to show statistics of the number of engine-room personnel who lost their lives when a German submarine sank H.M.S. Courageous. At the top of the document were the words: "What's Your Chance?" In his defense, Wright said it was a private document and was not intended for circulation. He was alleged to have told Le Page, however, that "here's something for you to discuss among yourselves on the mess deck."

A personal message from Pope Pius XII was delivered to President Roosevelt on Jan. 19. In it, the Pontiff fervently praised the President's efforts for peace as an indication of unity between the old and new worlds in opposition to aggression, and said he would cooperate with Mr. Roosevelt and continue to seek a solution of world problems on a peaceful basis.

A warning that Italy might "find it necessary to take up arms at any moment" was uttered by Signor Ettore Muti, new secretary of the Italian Fascist Party, in a speech delivered in Rome on Jan. 17. "Let no one sleep with the illusion that Italy's present attitude to the war will last forever," he declared, at the same time reaffirming the uncompromising attitude of Fascism toward democracy, Bolshevism and bourgeois ideology.

Elderman in the Washington Post

Referring to a recent reshuffle in the Italian cabinet—and the interpretation of it in Allied newspapers as an indication that Italy might be growing favorable to the Allied cause—Signor Muti said: "Recent changes in the Party and Government should not be interpreted as indicating any change whatever in the path followed by the Fascist revolution." This cryptic statement may be interpreted as one pleases.

The official German news agency issued a denial on Jan. 23 that a Reich-Soviet agreement had been made whereby the oilfields of Galicia, in Soviet-occupied Poland, would be handed over to Germany in return for Nazi military aid against the Finns.

The same day, the *Krasnaya Svezda*, organ of Stalin's Red Army, referred to "impressive Allied troop concentrations" in Egypt, Palestine and Syria, asserting that these movements should not be underestimated as a means for bringing pressure to bear on potential enemies of the Anglo-French bloc in the Mediterranean and the Balkans. These forces, the paper said, are in fact an expeditionary force threatening Germany's southern flank. "A Balkan front does not yet exist, but its formation evidently forms part of Anglo-French plans. The scale of war preparations of the Anglo-French bloc in the Near East, with parallel diplomatic preparations, leads us to believe that we are not facing a mere diversion, but far-reaching strategic plans."

Ignace Paderewski, world-famed pianist and one-time Polish premier, was elected president of the emigre Polish Government in France on Jan. 23 at a meeting of the Polish National Council held in the Polish Embassy at Paris.

Furore Created in Japan by British Seizure of Germans on Nippon Ship

CROWDS DEMONSTRATE AT BRITISH EMBASSY

Hundreds of people gathered before the British Embassy in Tokyo on Jan. 23 to demonstrate against the action of the British warship which halted the Asama Maru off the Japan coast and removed 21 German nationals. While police stood on guard, a deputation presented a resolution to the Embassy demanding immediate release of the Germans and an apology by the British Government. Meeting in Tokyo the previous day to consider the Asama Maru incident, the East Asia Construction National League Preparatory Committee decided to launch a new anti-British campaign. Present at the meeting, Domei reported, were Admiral Nobumasa Suetsugu, former Minister of Interior; Mr. Seigo Nakano, leader of the Tohokai Party; Col. Kingoro Hashimoto, President of the Japan Young Men's Party, and Mr. Ichiro Kiyose, leader of the Jikyoku Doshikai, which is composed of a group of members of the House of Representatives.

INTRODUCING a new and serious element of friction into Anglo-Japanese relations, a naval party from a British warship whose name has not been disclosed boarded the N.Y.K. liner Asama Maru off the coast of Japan on Jan. 21 and seized "certain German personnel of military age" who were presumed to be travelling to Germany from the United States via Japan and Siberia.

A *Reuter* report from Hongkong, giving a terse British naval announcement of the seizure, did not identify the "personnel." Reports out of Tokyo by *United Press*, however, said that the 22 men seized were members of the crew of the German liner Columbus which was scuttled off the east coast of the United States on Dec. 19 to prevent her capture by a British destroyer. The crew had taken to the boats and were picked up by the U.S.S. Tuscaloosa and taken to Ellis Island, where immigration officials decided to send them home via Japan and Vladivostok.

Tokyo Lodges Protest

The Japanese Government has vigorously protested to the British Government, which in reply endeavored to justify the seizure of the Germans by reference to international law, it being contended that the men seized are men with technical qualifications that would make certain their service with German armed forces upon their return to the Reich.

While technically the Germans aboard the Asama Maru were seized on the high seas, the first *Domei* bulletin on the incident, from Yokohama, quoted the captain of the Japanese liner as having reported that his ship was halted by the British warship 35 miles off the Nojima promontory lighthouse at 12.30 o'clock on the afternoon of Jan. 21. Of 51 German sailors and merchants among the passengers, 21 were taken off before the vessel was allowed to proceed to Yokohama, the captain said.

According to a *Domei* dispatch from Tokyo on Jan. 21, the Japanese Foreign Office attaches "grave importance" to the action of the British warship in stopping the Asama Maru, and after investigation of the circumstances will consider suitable "counter-measures."

Warning to Britain

Japan's protest to London, according to *United Press*, warned that any repetition of the action taken in the case of the Asama Maru would aggravate the sentiment of the Japanese nation against Britain, adding that from a broad viewpoint of future relations between the two countries, Japan requested the British Government to pay serious consideration to the matter.

In setting forth the cause of complaint, the Japanese note contended that the British Navy had acted contrary to the accepted principles of international law by seizing nationals of a belligerent country who were not actually in service with the armed forces of that country. It was also complained that the British naval officer who boarded the Asama Maru refused to give reasons for the seizure of the Germans. The master of the Asama Maru, it was stated further, refused the British demand to deliver the 21 Germans, but was unable to prevent the British Navy from forcibly removing them.

Tone Peremptory

Concluding, the note demanded a "prompt, full and valid" explanation of the British action and reserved the right to demand delivery of the detained Germans, who presumably were taken to Hongkong.

Scathing criticism of the British action has been appearing in the Japanese press, which predicted that the incident might become as famous as the "Trent Case" involving the United States and Great Britain. The Japanese people, newspapers said, regarded the removal of the Germans virtually under the nose of the Japanese Navy as if a foreign warship had sailed into a Japanese port and taken away resident aliens legally residing there.

Britain was charged by some Tokyo newspapers with having torpedoed the London Agreement of 1909, Section 47 of which permits removal from neutral ships only of persons actually enlisted in armed forces. This treaty, to which Japan and Britain were parties, was no longer binding, since the British Government, after the first few months of the war, refused to be bound by it. The British Government was also disregarding provisions of the London Agreement regarding seizure of contraband, the papers charged.

Counter-Action Promised

"Suitable steps" to prevent British warships from forcibly seizing German passengers on Japanese ships in Oriental waters will be taken by the Japanese Navy, well-informed circles stated in Tokyo on Jan. 23, according to *Domei*. This statement followed an emergency conference of leading naval officials called to discuss the boarding of the Asama Maru.

The first of these "suitable steps," the *Nichi-Nichi* newspapers said, would be the establishment of a close watch on the Japan-bound Ginyo Maru, due in Japan on Feb. 8 with 30 German passengers from Mexico.

The *Hochi Shimbun* bitterly criticized the British for the "unilateral arrogant action at the threshold of Tokyo, capital of the Japanese Empire" and urged the Government to pursue a vigorous course and remove the blot from the escutcheon of the Japanese Empire. The incident could be settled amicably only if Great Britain admitted that her warship committed an irregularity, the *Hochi* asserted. Otherwise, the situation might take an "ugly turn."

More Moderate Tone

Taking a more moderate line, the *Asahi Shimbun* said it failed to understand British motives in taking action that could so easily precipitate an international controversy, and urged the Government to guard against any attempt on the part of a third Power or Powers to cause estrangement between Japan and Great Britain by exploiting the Asama Maru incident.

According to a *Domei* message from New York, the Standard Oil Company has abandoned plans to ship its German employees home via Japan as a result of the Asama Maru incident. More than 1,000 German sailors are working on 27 of the company's tankers, the message said. Henceforth they will be attached to the company's offices at various American ports.

Tientsin Soviet Consulate Hires Ex-White Russians

The entire Chinese staff, including servants, of the Soviet Consulate in Tientsin have been dismissed and Russians employed in their places, Mr. Serge Nikitin, Soviet Consul-General in the northern city, told *United Press* on Jan. 22. Denying rumors that the substitution was made because the Chinese servants were alleged to have sold secret information to the Japanese, the Soviet official said that the Chinese were replaced only because there were numerous Soviet citizens in Tientsin who were without work and who had little means. Since unemployed and poor Russians in Tientsin are all former "Whites" it is presumed that the Soviet Consulate in Tientsin is now staffed with former enemies of the Soviet regime.

Influence of European War on the Far East Market

BY JULIUS R. KAIM

FOR many years the role of Germany in Far Eastern business was a very important one. Consequently, the failure of German business since the outbreak of the European war has highly influenced the whole situation on the Far Eastern markets. On the other hand, the shortage of various raw materials purchased abroad and the diminution of sea traffic has changed the character of Far Eastern trade.

While it had been expected that German goods would at once disappear from the market, in reality some German firms were able to increase their stocks by importing shipments which at the beginning of the war were either aboard German vessels in Japan and the Philippines or in Hongkong and French Indo-China. Some goods also arrived by neutral vessels, camouflaged as shipments of neutral origin and shipped to neutral firms. But since the Allies introduced their severe sea-control measures, these camouflaged shipments became rarer and the German firms focussed their interest on the possibility of obtaining goods via Siberia.

Not Much Via Siberia

Up to now, however, only a few carloads of German goods of high value, such as chemical products and patent medicines, arrived in China; goods of minor value, naturally, cannot cover the high cost of railway transportation. Thus only special German goods are available in unlimited quantities, while others such as machinery, cutlery, printing inks, tools and textiles are limited or even completely unobtainable.

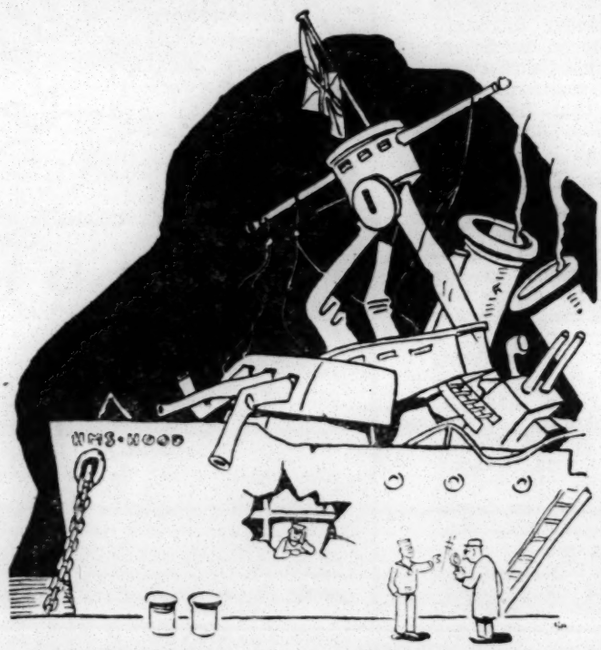
According to the Customs figures for the period from January to November, 1939, German goods totalled 13.12% of China's imports in 1938, while in 1939, only 6.65% could be reached. This last figure, however, is a theoretical one and does not include camouflaged shipments. The situation is the same with reference to exports, for during the first three months of the war German firms succeeded in exporting different raw materials by using neutral flags. With sea-control becoming more and more rigid and the number of vessels linking the Far East with Europe decreasing, those shipments have become still more infrequent, while the attempt to send Chinese raw materials to Germany via Siberia has not yet had any satisfactory results.

Japan Takes Over

Reading the Customs reports, it seems clear that the German position has been fully taken over by Japan, but in reality the situation is more complicated. There are technical branches, for instance, in which the German losses, in spite of the increased Japanese turnover, have resulted in a profit to Great Britain, the United States and France. Machine tools, for example, of which the German share during the last few years had reached 50 to 70 per cent, offered a favorable chance to Great Britain and a smaller one to France, while hand tools offered a chance to the United States.

Not one of these countries, however, attained the same result as Japan, which could increase the turnover of machine tools three times and that of hand tools more than twice. Nevertheless, there are several branches where the German losses do not bring any advantage to Japan. Radios, tubes and, last but not least, textile machinery are among those branches. It is true that even in these branches Japan had the chance to increase her share, but was either unwilling or unable to accept all the important orders placed by Chinese merchants with Japanese factories. On the other hand, many Chinese importers placed "double orders," i.e., they place an order for a quantity of goods in America or England and at the same time in Japan. In many cases they were unable to get American or British goods, and were happy to obtain those of Japanese origin.

"It Was Only a Little Scratch"



A German view of Britain's estimate of the damage to the battleship H. M. S. Hood.

According to the statements of several leading Chinese merchants, however, they had difficulties in substituting Japanese merchandise for American or European goods, and it seems that in most cases the Chinese importers give up the Japanese goods whenever they are able to obtain other makes. This, however, is not purely a political question but one of quality.

Departments Closed

As a matter of course, German firms in the Far East are doing all in their power to retain their position on the market. Nevertheless, many among them have been obliged to close several departments after having realized the impossibility of receiving new stocks, for instance radios, stationery, printing inks, etc. In order to keep their position these German firms are interested in finding new goods of neutral origin, but they have discovered that it has become very difficult to dispose of even those goods of neutral origin which they had represented up to now.

Another consequence of the war was that some German firms who represented American enterprises lost these relations, for British and French merchants were obliged to refuse to deal with "enemy firms." This resulted in heavy losses not only for the German agents, but also for the American or other neutral factories, which, naturally, wished to change their representatives. Due to this fact, the German firms in Shanghai were interested in establishing themselves as American companies which, of course, would be looked upon as neutral enterprises.

Development Still New

Nevertheless, with the Japanese taking over several of the German positions in Far Eastern commerce, and with American firms increasing their turnover in some branches, the development is yet in its prime. It is still an open question whether the Japanese will be able to continue their commercial output on the same scale as before and it is also another question whether the Russians will be willing and able to help the Germans keep their commercial position in the Far East.

On the other hand, the first four and a half months of the war have shown that most of those countries which up to now had no dealings with the Far East have as yet shown no interest in Far Eastern business. They are more interested in direct "war business" than in the conquest of the Far Eastern markets. England and France and also the neutral European countries, on the other hand, are much too occupied in Europe to make any efforts to increase or even to keep their commercial turnover in the Far East.

New Connections Sought

Nevertheless, there may be a change after some time, for due to their present situation some German firms are trying to form new commercial connections in neutral countries. Their main interest seems to be focussed on South America, and the only direct link between the Far East and South America is by Japanese liners.

Soviet Russia's New Attitude Toward Japan

BY KENJI TSUNOTANI

(The Japan-Soviet News Agency)

Translated from the December, 1939 issue of the "Sozo"

REFERRING to Russo-Japanese relations in his speech on August 31, 1939 before the Supreme Soviet Council, Foreign Commissar Molotov said that the Soviet Union was prepared to conclude a trade agreement with Japan and that success or failure in this respect would depend on Japan's attitude. This was the first official enunciation of Russia's attitude on the question. Since the Nomonhan truce agreement all the world had been inclined to think that the two countries would most likely come to a rapprochement and might perchance conclude a non-aggression pact.

Immediately after his arrival in Japan, Soviet Ambassador Smetanin indicated, in concrete form, the Kremlin's willingness to adjust its relations with Tokyo. It seems unquestionable, in the circumstances, that the Soviet Union has become inclined to improve its relations with Japan.

Smetanin's Arrival in Tokyo

A good deal of propaganda was made in Great Britain and the United States prior to Ambassador Smetanin's assumption of his duties in Tokyo, on the supposition that a Soviet-Japanese rapprochement would place the Democracies at a disadvantage. Soviet troops were thus reported to be at pains to communize the northwestern part of China, embracing Sinkiang. It was also given out that a bad feeling would be created in America, if Japan and Russia shook hands. By way of counter-propaganda, *Tass*, the Soviet Union news agency, announced that such reports were unfounded.

Soviet Russia naturally finds the European problems of more importance than its problems in the Far East. It is therefore quite conceivable that Russia is considering in dead earnest the advisability of adjusting its relations with Japan, so that it may be able to devote itself to solving the European questions. The only question is the extent of Soviet sincerity on this matter. A question may suggest itself: Is not Russia's intention to shake hands with Japan only of the surface? Will not Russia keep on communizing China or aiding the Communist Party of China, much to the inconvenience of Japan who is out for the establishment of a new order in East Asia?

Soviet Foreign Policy

The recent tendency of Russia's foreign policy has been to play off one strong country against another, while sedulously averting a conflict with such Powers as far as possible. The Soviets have strengthened their defences on the borders and expanded their armaments immensely. They are paying more and more attention to the heavy industries, especially the munitions industry. Then again, the remarkable increase in food production is eloquent of Russia's determination to follow out a wartime food policy.

The ostensible object of Russia's present foreign policy is to escape being drawn into the vortex of a world war, but, judging from their preparedness and their recent diplomatic success, it seems only natural that the Soviets would resume their avowed task of revolutionizing the world, as soon as an opportunity offers. It has been the custom with Soviet rulers to remind the people of the national policy of communizing the world, even when a feeling of uncertainty existed at home and the country's foreign relations were anything but satisfactory. Now that things are going on swimmingly internally and externally, Russia will never renounce its traditional Red policy. The Soviet leaders' professed "peace policy" is but another name for opportunism.

Be that as it may, Russia is, it is patent, trying to avoid as far as possible any friction with Japan. But that does not alter the fact that the Soviet Union has not discarded its old trick of playing both ends against the muddle; it has a desire to see Japan landed in a sorry plight. What is likely to happen is that Russia will take some direct action the moment it finds that Japan is at a disadvantage. Nevertheless, as things stand, Russia is definitely making efforts to improve its relations with this country; so much so that the pending fishery issue will be settled with some measure of success. There is, in fact, every possibility of the trade pact, as proposed by Foreign Commissar Molotov, being concluded, provided negotiations are conducted in the right spirit. It is, however, a great mistake to infer from this—and this only—that relations between the two countries have considerably improved.

The present writer is inclined to think that Soviet Russia will express a desire to have a Russo-Japanese non-aggression pact concluded, but that it will refrain from persisting for lack of possibility of its realization. Time was when a similar desire was entertained in this country. Even now a section of our people is in favor of concluding a non-aggression pact with Russia, but the consensus of leaders seems to be that the time is not yet quite ripe for it.

The signing of a non-aggression pact, even if effected, would never lead to the weakening of the defences

How and Where India is Threatened

Current History map

The writer of the accompanying article maintains that one of the chief aims of Comintern policy is to dominate both China and India. As the map shows, Russia could attack India through Afghanistan and the famous Khyber Pass as well as through Chinese Turkestan (Sinkiang), while Japan is a potential menace via Tibet. Note that India's railroads have no continuation northwards.

along the Soviet-Manchukuo border on the part of Japan, as long as the Soviet Far Eastern forces refuse to withdraw. Moreover, the very thought that an accord between the two countries will form a strong link in the chain of friendship may, it is feared, defeat the object of the China war Japan is waging. The much-trumpeted object of the China Incident is, be it remembered, to oust Communist influence from Chinese territory and to construct a new order in East Asia. The fear that close co-operation between Russia and Japan might hamper the latter's object in the Sino-Japanese hostilities, therefore, rules out the possibility, to say nothing of the probability, of a non-aggression agreement.

The Nomonhan Fighting

As everybody knows, the Red Army made inroads into Poland hardly a score of days after the conclusion of the Nomonhan agreement. Regarding the Nomonhan incident, the Japanese authorities have refrained from publishing figures concerning the Soviet casualties so as not to provoke the Soviets—a fact which has caused some misunderstanding as to the real results of the border fighting. According to what seems to be the most accurate information available, however, the number of the Soviet soldiers killed or wounded at Nomonhan reached more than 30,000. The main hospitals and infirmaries in Western Siberia are said to be filled with these wounded. The damage done to the Soviet air forces was so enormous that even the Soviet headquarters at first questioned the truth of the report on it. The casualties of the Japanese troops were estimated at something like 18,000. At first sight this is a fairly big figure, but it does not necessarily indicate the heaviness of the Japanese sacrifice, when compared with the 8,000 wounded or killed in a month's fighting at Shanghai in 1932 and 1,400 in 10 days' fighting at Changkufeng in 1938. The Nomonhan figure of 18,000 represents the total killed or wounded after 80-odd engagements in four and a half months.

In view of the fact that Russia attempted to carry out a large-scale campaign in part of Outer Mongolia, only to find it necessary to soften its attitude and conclude a truce agreement with Japan owing to the ugly situation in Western Europe, it is easy to imagine that if Japan tones down its attitude, relieved by the truce, the Soviets will again become bolder. At present Russia is too busily engaged on the western front to indulge in the Far East. Should Britain and America come to co-operate with Japan in disposing of the China affair, Russia would in turn begin to feel menaced by Japan. Hence its present conciliatory attitude towards Japan.

The China Question

Then there is the China question. As already stated, the Soviet Union is reportedly carrying on the work of communizing Sinkiang and other northwestern districts of China by despatching troops. Although *Tass* has denied the report, it seems undeniable that Russia is out to extend its sphere of influence to those regions by means of communization, a fact which, incidentally, has helped to frustrate cooperation between the Kuomintang and the Communist Party in China.

What will become of Russia's China policy? In all probability, it will keep on assisting the Chiang regime to some extent—for the time being at least. It is in anticipation of an eventual disruption between the Kuomintang and the Communist Party in China, consequent on the ultimate kneeling of Chiang Kai-shek before either Japan or the western democracies, that Russia is sedulously maintaining its activities in the northwestern regions of China. We have therefore no reason why we should rest assured that Russia will never worry us again.

One of the chief objects of Comintern policy is to dominate China and India. The Sinkiang question, too, should be looked at from this viewpoint. Geographically, Sinkiang is so situated as to constitute a sort of fork on the road, one branching off to India and the other to China. By controlling Sinkiang Soviet Russia stands like a giant with a double-edged blade, one edge facing India and the other China. Adjacent to Sinkiang is Turkestan, of Soviet territory, where rapid progress has recently been made in railway construction.

Belgian Chamber Votes to Expel Communist Deputies

Emulating the example set by France, where parliamentary deputies of the Communist Party have been deprived of their seats, the Belgian Chamber voted on Jan. 16, by the overwhelming majority of 520 votes to five, to expel all Communist deputies unless they make formal declarations disavowing the Communist Party and its program.

P. I. Trade Law Suspension Won

As a result of negotiations between Dr. C. Kuangson Young, Chinese consul-general at Manila, the United States High Commissioner for the Philippines, Mr. Francis B. Sayre, and President Manuel Quezon of the Philippine Commonwealth Government, a proposed law for the nationalization of retail trade in Manila has been suspended temporarily pending further consultations with the Washington State Department, according to a Chinese report from Manila.

The proposed law provides for limitation to the citizens of the Philippines and the United States of the right to engage in any form of business in public markets in Manila. If carried out, it would greatly harm Chinese interests in the Philippines, since Chinese are mostly engaged in retail trade.

In a memorandum to Mr. Sayre and President Quezon on the subject. Dr. Young expressed confidence that the Chinese in the Philippines would receive fair and just treatment from the Commonwealth authorities. Replying Mr. Sayre assured Dr. Young that President Quezon would do nothing to violate any American treaty with any nation.

Speaking in Manila recently at the convocation of the Far Eastern University, Dr. Young declared that China is today better equipped and better organized than she was at the start of the Japanese invasion. For nearly three years, Dr. Young said, China has stood up against terrific odds, but she has remained standing. The principal reason for China's success, Dr. Young explained, is her own power of unity and determination.

Young, Sayre Confer in Manila

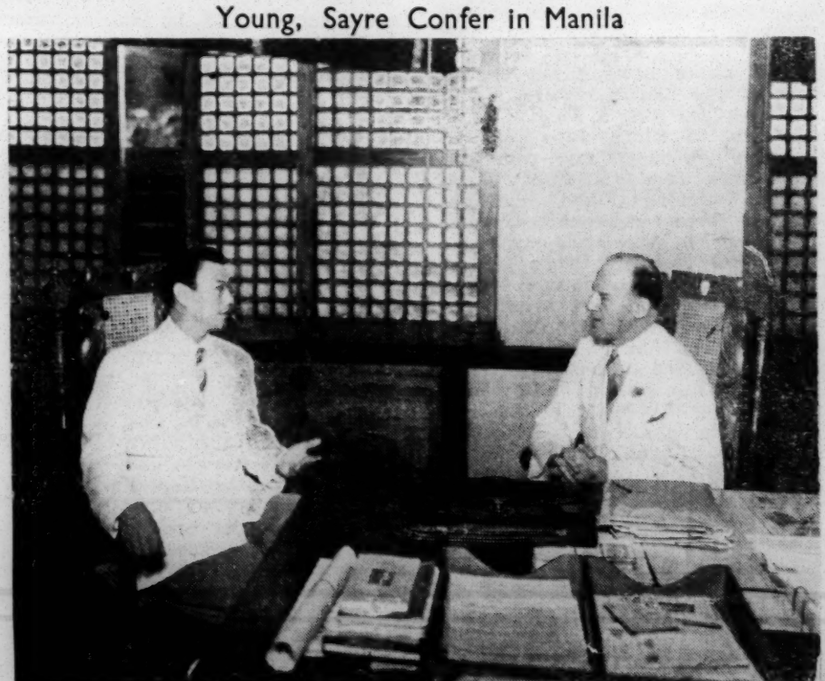


Photo shows Dr. C. Kuangson Young (left), Chinese consul-general at Manila, conferring with the United States High Commissioner for the Philippines, Mr. Francis B. Sayre, regarding a proposed law for the nationalization of retail trade in Manila. The legislation is being held in abeyance pending further negotiations.

U.S.-Japanese Trade Treaty Expires; Sentiment is Growing for Embargo

JOHNSON, GLASSFORD ON INSPECTION OF YANGTSZE

The first group of foreign diplomatic officials to visit Hankow since the withdrawal of Chinese troops from that city in 1938 left Shanghai on Jan. 22 aboard the U.S.S. Luzon, flagship of the United States Yangtsze Patrol, Rear-Admiral W. A. Glassford commanding. The party is headed by the American Ambassador to China, Mr. Nelson T. Johnson. Admiral Glassford is also making the trip.

Despite Mr. Johnson's earlier statement that his Hankow visit would be routine in nature, reports persist that the envoy will inspect conditions in the Yangtsze delta below Hankow with a view to pressing for the reopening of the river by Japanese authorities up to the Hupeh city.

The fact that accompanying the Ambassador is Commander H. E. Overesch, naval attache, Major William Mayer, military attache, and Major James M. McHugh, assistant naval attache, lent weight to the reports that Mr. Johnson's trip had been planned to study the feasibility of a resumption of foreign shipping traffic on the Yangtsze.

JAPAN'S Treaty of Commerce and Navigation with the United States expired yesterday. Concluded in 1911, twenty-eight years ago, it was denounced by the United States Government on July 27 of last year, six months' notice being given as the terms of the Treaty required. The past week has seen a flood of news dispatches in which Japanese and American newspapers, and American congressmen and senators, have uttered warnings and counter-warnings, threats and counter-threats, and indulged in speculative prophecies as to what is likely to happen to American-Japanese trade now that a treatyless situation has arisen between the two countries. There has been indication that a *modus vivendi* may be concluded to normalize trade relations. Indications have been equally strong that a partial embargo on exports to Japan will be proposed in Congress, although the chances of such a measure securing passage appear doubtful in the extreme, at least as far as the present session is concerned.

Three Embargo Bills

Senator Key Pittman, chairman of the Senate Foreign Relations Committee, told pressmen in Washington on Jan. 20 that despite a "barrage of Japanese propaganda" Congressional sentiment was growing for the enactment of an embargo on the shipment of war materials to Japan. Three embargo bills are pending before the Senate Foreign Relations Committee and four are awaiting action by the House Foreign Affairs Committee. Senator Pittman's own measure — calling for an embargo on exports of scrap-iron, gasoline and allied products to Japan (provided the President should find that American trade rights are being discriminated against by Japan in China) appeared to be the most likely to receive Congressional attention.

America's established rights in China, Senator Pittman declared, go far beyond commercial privileges. Besides the right to navigate the Yangtsze, he asserted, "we want the abolition of new port regulations and the right to use our own currency if we so desire." Japanese acquiescence in these demands, the Senator said, would mean the abandonment of Japan's project for a "New Order" in East Asia. Assertions that termination of the 1911 Treaty would mean the disruption of American trade relations with Japan, he characterized as "Japanese propaganda," adding that denunciation of the Treaty was merely a step to protecting American interests in the Orient.

Senator Arthur Capper, Republican of Kansas, speaking from the floor of the Senate on Jan. 18, urged enactment of an embargo on the sale of war materials to Japan. "I do not advocate a war with Japan," he declared, "but I say with all the emphasis at my command that we ought to stop fighting China with war supplies we furnish to Japan." He quoted statistics to show that the United States furnished 54 per cent of Japan's war material needs in 1937, 56 per cent in 1938, and probably 80 per cent in 1939. If this supply were completely shut off, he said, Japanese aggression in China would cease.

A Chinese View

The subject of a possible American embargo against Japan was discussed by the Chungking *Ta Kung Pao* on Jan. 18. If America misses the present chance to check aggression by imposing an embargo against Japan, the paper asserted, this would be tantamount to further "psychological support" of Japan. "After 30 months of war, Japanese economic dependency on America has become more desperate. The moment Japan fails to receive war materials from America, her aggression will be paralyzed. Only by using the embargo can America expect to be free from war in the future," the paper concluded.

Japan's present position was commented on by the *New York Times* the following day. There is sufficient evidence, the paper said, to show that Japan and the Japanese are suffering severe strain because of the campaign in China. "The recent Cabinet change, though reflecting the expiration of the American-Japanese trade treaty, can only be understood in terms of prevailing hardships and dissatisfaction with the Government's efforts to cope with them. War weariness is growing. The China Incident is a bottomless pit into which Japan is pouring her manhood. There is hardly any recourse and there is no end in sight."

Tokyo Press Defiant

On Jan. 21, summarizing the attitude of the Japanese press toward trade pact negotiations between the United States and Japan, the *Japan Times*, semi-official English-language daily in Tokyo, declared: "We will not yield to pressure... The Japanese people will long remember America's attempts to coerce us in our hour of difficulty."

A *United Press* dispatch from Washington on Jan. 19 predicted that no steps would be taken against the several hundred Japanese merchant traders residing in the United States when the trade treaty expired. Living in the country on a semi-permanent basis, their status will remain approximately the same, while new Japanese traders will be admitted on a basis similar to that of tourists, whose terms of stay may be prolonged by the periodical renewal of permits after the first two years, it was stated.

A message received in Tokyo from New York on Jan. 19, according to *Domei*, quoted the New York *Herald-Tribune* to the effect that construction of a U.S.$2,000,000 oil cracking plant in Japan by American oil companies had been halted in compliance with a request by the State Department in Washington. The paper was also said to have reported that construction of a cracking plant in the Soviet Union had been similarly stopped.

Oil Supplies to Japan

The subject of American oil supplies to Japan was raised on Jan. 18 by Mr. William Pemberton, umpire for California oil producers, before a Congressional committee in Los Angeles. According to *United Press*, Mr. Pemberton said that large quantities of high-test gasoline were leaving United States harbors daily for the use of Japanese and Soviet war planes. Japanese purchases, he reportedly said, had aggregated 77,000 barrels of gasoline and oils daily every month until last December, when they increased to more than 110,000 barrels daily. Russian purchases (no figures were mentioned), mainly of aviation gasoline, had increased noticeably since the Soviet invasion of Finland, he added.

The chairman of the committee, Mr. W. Sterling Cole, Republican Representative of New York, asked Mr. Pemberton whether he approved of such trade. "Certainly," Mr. Pemberton answered. "The producers believe it is good business. It is as good as dealing with British Columbia, for example."

Sales Condemned

Speaking before the Committee, Mr. Charles A. Wolverton, Republican of New Jersey, bitterly condemned the sale of United States oil to Japan and Germany. "Must we destroy people abroad to keep men working at home?" he demanded. Referring to Japan and Russia, Mr. Wolverton said: "I hear that Californians are so anxious to sell oil to those countries that they sell it cheaper than to Los Angeles consumers."

Mr. Lauren Cranston, vice-president of the Honolulu Consolidated Oil Company, vigorously defended the trade, *United Press* reported. Cessation of the daily sale of 100,000

barrels of oil to Japan would put local petroleum producers in a serious position, he asserted, adding: "If we don't send it to Japan, she will get it elsewhere."

Japanese Apologise To American Woman

Miss Frances Donaldson, American department store buyer who complained that she had been punched by a Japanese naval sentry on the Szechuen Road bridge on Dec. 20, was called to the American Consulate-General on Jan. 18 and received formal verbal apologies from two Japanese naval officers. In making the apology, the officers stated that in order to prevent such incidents in future, notices in English would be posted at the Soochow Creek bridges, telling pedestrians to keep to the left.

An official protest against the punching of Miss Donaldson was lodged by the local American Consulate-General with the Japanese Consulate-General on Dec. 28. Mr. Yoshiaki Miura, Japanese Consul-General, sent a reply on Jan. 18, the contents of which have not been disclosed. According to a report in the *Shanghai Evening Post* on Jan. 19, the American authorities are not satisfied with the Japanese reply, but the American Consulate-General nevertheless announced that it considers the incident closed.

It may be recalled that spokesmen of the Japanese Embassy and Navy had stated, previous to the official Japanese reply, that investigation had shown that no such incident as that alleged by Miss Donaldson had taken place. Since, however, Miss Donaldson later received a formal apology, it is presumed that this denial was not maintained in the reply which Consul-General Miura made to the American protest.

British Mail Censorship Draws Fresh Protest

The State Department in Washington is reported to have dispatched a fresh note to London regarding British interference with American mails. Britain's reply to the first United States protest on this subject was published in Washington on Jan. 20. It contended that interference with American mails was a "contraband measure" and did not constitute censorship, and asserted that an "organized contraband traffic" on a "considerable scale" was being conducted by mail between German sympathizers in the United States and Germany.

The American protest, delivered on Dec. 22, cited specific instances in which British authorities had seized mail aboard American and other neutral ships, although only some of it was addressed to Germany. While admitting the right of the British Government to censor private mail originating in or destined for the United Kingdom, or which normally would pass through the United Kingdom in transit, the American protest denied the right of the British authorities to interfere with American mails on American or other neutral ships, or ships which involuntarily entered English ports.

A fresh incident involving American mail occurred late last week when British censors at Bermuda held up the American Clipper, opened the mail bags and censored the contents. Secretary of State Cordell Hull announced at his press conference on Jan. 19 that he was considering forbidding American mail planes from henceforth calling at Bermuda because of this incident.

The action of British authorities at Hongkong and Singapore in censoring mail has aroused local protests. An official statement was made in Hongkong in which it was denied that American mails routed through the Colony were opened and censored. It was merely stamped "Passed by the Censor" as a routine matter, whereas mail opened and censored was resealed with a paper seal reading "Opened by the Censor." This denial of censorship was given the lie last week when a local resident received a letter which had been mailed in Los Angeles and routed via Hongkong. The envelope had been opened and resealed with the "Opened by the Censor" slip.

NO CHANGE IN STATUS OF NIPPON-U. S. TRADE

Commercial relations between the United States and Japan would undergo no change after expiration of the 1911 Treaty of Commerce and Navigation so far as the United States was concerned, Mr. Adolf A. Berle, Assistant Secretary of State, told Mr. Kensuke Horinouchi, Japanese Ambassador to Washington, according to a *Domei* report on Jan. 24. The previous day, the same agency reported from Tokyo that, for the time being, the conventional customs tariff, then in effect, would be applied to goods imported by Japan from America after Jan. 26. An Imperial Ordinance was issued to this effect. According to United Press, Washington has definitely refused to negotiate a temporary trade treaty with Japan to replace the treaty which has now expired. The United States Government thus retains the possibility of invoking an embargo or other trade measures against Japan at any time.

Canada Severs Judicial Link With the Empire

One of the last and most important of the ties between the Dominion of Canada and the British Government was severed on Jan. 20, according to a *Transocean* report from New York, when the Canadian Supreme Court gave authority to the Dominion Parliament to abolish the right of Canadians to appeal to the Privy Council in London. The Privy Council is the highest judicial authority in the British Empire. A bill abolishing the right of such appeal is now expected to be passed by the Canadian Parliament at the instance of the Conservative Party.

Finland Gets $25,000 From Shanghai Funds

Shanghai's first contribution to the Finnish cause was made last week when Mr. H. Tanner, Finnish Consul-General, cabled to Hensinki the sum of $25,000, of which $7,500 goes to the Finnish Red Cross and $17,500 to the Finnish Defense Fund. The larger sum came from contributions received by the Friends of Finland Fund.

According to the latest announcement of the local Finnish authorities, the Friends of Finland Fund had received sums totalling £34.10.0d., U.S.$110 and Ch.$13,653.47 up to Jan. 22, while sums received for the Finnish Red Cross amounted to 50 Swedish Kronen and Ch.$7,376.00. Following are the additional contributions received by the Friends of Finland Fund:

F. R. Palmer, $10; P. Dufour, $100; Anonymous, $190; Mr. & Mrs. Glen V. Fuller, $50; J. A. M., $25; Marcel Ricard, $68.87; Friends in the Alexander Clark Co., Ltd., $34; H. W. Brooke, $20; Peter D. G. Gain, $25; E. H. Adams, $10; N. K. Kent, $10; Ed. Ducoudray, $15; W. N. de Bruyn, $25; Mr. & Mrs. P. Matson, $20; Foreign Staff of Mollers' Ltd., $502; G. E. Marden, E. A. G. May, H. W. Sainton, H. W. Pritchard, Capt. G. S. Weigoll, J. A. Anderson, W. J. Hawkings, I. G. Sinclair, $90; American Asiatic Underwriters, $100; W. I. Sullivan, $10; R. E. Skean, $10; H. L. Yung, $10; I. A. Altadukoff, $20; H. M. Blake, $10; L. A. Hekking, $10; Ch. Metzler, $10; Miss J. Schnapper, $3; I. Nikitin, $3; Miss J. Kal, $2; James King, $2; An English Friend, $50; Mr. & Mrs. F. Rayden, $25; Arnhold Trading Co., Ltd., $100; Foreign Staff of Chartered Bank, $85; Personnel Europeen des Services Police de la Concession Francaise, $866; A. Bosselman, $10; Anonymous, $25; Mr. & Mrs. Siegfrieds, $25; Mr. & Mrs. Moskowsky, $10; W. Crooks, $5; Mme. Claude Riviere, $20; Colette et Jacquie Civet, $20; W. Wanderleach, $50; S. Nickells, $25; Atkinson & Dallas, Ltd., $250; Mr. & Mrs. R. M. Saker, $250; C. E. S., $25; B. W. Talbot $50; "Kim," $10; C. R. S., $10.

Reported Chungking Edict Stirs Chinese Merchants

A stir has been caused in local Chinese commercial and industrial circles by a report that the Chungking Government has prohibited the importation of all kinds of machine-made native goods from Shanghai to Chinese-controlled territory. The Chinese Chamber of Commerce has made representations to Chungking on the subject, pointing out that native goods manufacturers have made a great contribution to the national cause by keeping the people in the rear adequately supplied with native goods. All raw materials used are carefully scrutinized and purchased according to Government regulations, while they are also examined by the Chinese Chamber of Commerce. Hence, it is argued, the finished products can be clearly distinguished from "enemy goods."

Chinese Troops Said Fighting Each Other in Shansi; Japanese Cross Chientang River in New Advance

NEWS from the Sino-Japanese fighting fronts in various parts of China was dislodged from prominence late last week by reports that fighting had broken out between Chinese armies in southern Shansi province.

A *Domei* report from Hongkong, published in last week's issue of *The Review* (page 286), in which it was asserted that strife had broken out between Central Government troops and soldiers of the Eighth Route (former Red) Army in both Shantung and southern Shansi, was given little credence, but a *Reuter* dispatch from Tsingtao on Jan. 18, while differing on details, tended to confirm the earlier Japanese report.

Reuters' information was received from travellers arriving in the Shantung port from Shansi. They said that the trouble arose as a result of friction between the two armies commanded by Gen. Yen Hsi-shan, commonly known as his "Old Army" and his "New Army." The old army consists of troops which retreated with Gen. Yen before the Japanese advance into Shansi over two years ago. The new army was newly recruited from among Communists and peasants.

Sympathy With Communists

The new army, the travellers said, is now about 60,000 strong, but has not lived up to Gen. Yen's expectations as regards loyalty to him, showing noticeably more sympathy with the Eighth Route Army and the Communists than with Gen. Yen, whom they regard as an "old-fashioned warlord."

The trouble came to a head when Gen. Yen, in compliance with Chungking orders for this year's "winter campaign," assigned all the hard work to the new army in order to get them out of the way, while keeping the old army, numbering some 200,000 men, in the background. Large-scale military operations, involving all of the 260,000 men, were going on, but in a localized zone, it was stated, while the Chungking Government was making frantic efforts to keep the dispute localized and prevent it developing into a regular civil war.

Chungking Issues Denial

Government quarters in Chungking, on Jan. 18, flatly denied that any clashes had taken place between Chinese troops in Shansi and branded the *Reuter* report as "absolutely untrue," *United Press* reported. They stated, however, that several weeks previously minor clashes had taken place when Gen. Yen Hsi-shan had moved to disband about 2,000 of the "new troops" who were not accustomed to severe military discipline and had on several occasions refused to obey the orders of their commanders.

Domei reported from Hongkong on Jan. 21, however, that the National Defense Council in Chungking had telegraphed the Shansi generals in the name of Gen. Chiang Kai-shek, commanding them to stop fighting each other and to await further orders. Telegrams were sent to Gen. Yen Hsi-shan, commander of the Second War Zone, and Gen. Chu Teh, commander of the 18th Group Army, the agency said.

From the same source it was also reported that Gen. Feng Yu-hsiang, vice-chairman of the National Military Council, had gone to Shansi to mediate in the dispute between the old and new armies. Restrictions imposed by Gen. Yen Hsi-shan on Red forces and organizations affiliated with the Communist Party were fanning the antagonism between the Kuomintang and the Communists, the Japanese agency asserted, adding that clashes were reported in northern Shensi between the troops of Gen. Hu Tsung-nan and Communist forces.

Cross Chientang River

Major news on the Sino Japanese war fronts this week was a Japanese advance to the south of the Chientang River in Chekiang province. Moving at dawn on Jan. 22, Japanese troops crossed the mile-wide river under cover of a blizzard, established themselves on the south bank, and immediately went into action against several thousand Chinese troops concentrated in the area. Their first

Battle for Nanning-Kunlun Pass

Photos by Thomas Kwang

Kunlun Pass, through which runs the strategic highway connecting Nanning in Kwangsi Province with Kunming, capital of Yunnan Province, was the scene of fierce fighting in recent weeks between Chinese and Japanese troops. Chinese claimed to have captured the Pass, which lies 30 miles northeast of Nanning, on Dec. 20. Upper picture gives a general view of the Pass, while below is seen a temporary field headquarters.

U. S. $10,000,000 "Nylon" Silk Substitute Factory

Business Week, N. Y.

This is the first picture to be printed here of the new U. S. $10,000,000 plant, erected at Seaford, New Jersey, for the manufacture of "Nylon," the recently-invented synthetic thread, designed as a substitute for silk in the weaving of silk stockings for women. The lady on the right is holding one of the stockings made of the new material, said to have exceptional strength, sheerness and quick-drying properties. While Nylon stockings are on sale in some stores it will require several months before capacity production can be attained. The Nylon plant is owned by the E. I. Du Pont De Nemours Company of Wilmington, Delaware. Another plant, owned by the Celanese Corporation, will begin production shortly. The production of Nylon is expected to greatly reduce America's dependence on Japanese silk, which now enjoys a monopoly of the American silk trade.

objective, the town of Siaoshan, opposite the lake city of Hangchow, was captured within a few hours, *Domei* reported. The launching of operations south of the Chientang River was believed in some quarters to presage an attempt to capture Ningpo, important coast city through which Free China receives large quantities of supplies and conducts a thriving export trade. On Jan. 19, three days before the advance, Japanese naval planes bombed the Ningpo airfield and caused severe damage.

On the Kwangtung front, Chinese troops fought their way into Tsengchen, 40 miles northeast of Canton, on the afternoon of Jan. 20, it was reported from Chungking, but they withdrew again the following day when Japanese reinforcements were rushed to the city.

Kwangsi News Sparse

News has been sparse concerning the progress of military operations in Kwangsi province during the past week to 10 days. According to a *Domei* report from Canton on Jan. 22, Chinese forces lost 30,400 men in the last 10 days of December and the first 20 days of January in their attempts to recapture Nanning. This figure, it was stated, represented the number of Chinese dead found on the fields of battle. Japanese, it was claimed, captured 320 prisoners, several hundred tanks and a large quantity of small arms and ammunition.

A communique issued in Nanking on Jan. 20 by General Headquarters of the Japanese Expeditionary Forces to China declared that Japanese troops achieved success on all fronts during the first 20 days of the month. The communique described Chinese troop movements as "feeble" and asserted that "clever and prompt" operations by the Japanese forces had forestalled all Chinese attempts to launch a winter offensive.

"Chinese initiative in North China," the communique declared further, "has been almost killed by internal friction among the troops and conflict between the Communist and Nationalist forces." Imminent collapse of Chinese military activity in the Nanning area (Kwangsi) was predicted.

Bombing of Yunnan Rail

Friction between France and Japan as a result of Japanese air attacks on the French railway which runs to Kunming from French Indo-China is apparently still continuing. An emphatic official denial that the railway was being used to transport arms and munitions into China was issued in Paris on Jan. 17, according to a *Reuter* report. The denial was countered in Tokyo the following day by a spokesman of the Japanese Navy, who asserted that the Japanese authorities were in possession of indisputable evidence that large quantities of war supplies had been sent to Chungking through French Indo-China. There have been no reports of Japanese bombing of the railway during the past week. Previously, the bombing attacks had been directed only at the section of the line which runs through Yunnan province, and there was no violation of French territory.

Shopkeepers Fined For Selling British Goods

Seventy-seven Chinese shopkeepers in Tsinan, capital of Shantung province, have been fined for failing to register British goods which they carried in stock, *Reuter* reported from Peiping on Jan. 17. Fines were equal to one-quarter of the total value of the unregistered goods and threat was reportedly made that any shopkeepers who failed to pay the fines would be paraded in ignominy through the streets. They were also said to have been warned that for further dealings in British goods they would be fined half the total value of such goods.

Chungking-Moscow Air Service Now Resumed

Direct Chungking-Moscow air mail and passenger service, recently inaugurated and then suspended, has been resumed again, according to press messages from the Chinese capital. The service between Chungking and Hami, in Sinkiang province, will be operated solely by the Chinese Ministry of Communications, while the section between Hami and Alma Ata will be serviced by the China-Soviet Aviation Corporation, a joint concern recently organized by the Chinese Ministry of Communications and the Soviet Aviation Trust in Moscow. This latter organization will maintain the service between Alma Ata and Moscow.

Chinese Deny Raid on Shensi Italian Mission

A press message from New York alleging that Chinese airplanes had bombed and damaged the property of an Italian Foreign Mission at Hanchung, southwestern Shensi, was officially denied in Chungking on Jan. 12.

A military spokesman said that as Hanchung is in the Chinese rear Chinese airplanes cannot have bombed such a city. "Why should we carry out a raid behind our own lines?" he asked. The report probably originated from Japanese propaganda, the spokesman added.

Sayre, Quezon Shy From P.I. Liberty

Two important utterances on the subject of independence for the Philippines have been made lately. On Jan. 19, according to a *United Press* dispatch from Manila, Mr. Francis B. Sayre, U.S. High Commissioner for the Islands, inferentially admitted that the Philippines were not prepared for independence in 1946 and because of this expressed himself as being strongly in favor of extending Philippine-American trade relations until 1960. The Commonwealth, Mr. Sayre said, had not yet taken any steps to create naval defenses, nor did he know of any such steps being contemplated after 1946.

The second important statement on the subject was made on Jan. 22 by Sr. Manuel Quezon, President of the Commonwealth, in an address at the opening of the National Assembly. Declaring himself opposed to a continuance of the present interim political arrangement beyond 1946, the President warned Filipinos that if they did not want to undergo the risks which independence entails they should humbly petition the United States Congress for permanent American retention of the Islands.

Sr. Quezon said he gravely doubted if the United States in its present mood would consider a proposal merely to postpone Philippine independence, adding that widespread international aggression caused many Americans and Filipinos to fear for the future of an independent Philippine state.

"In my opinion," the President continued, "no one can predict the future of any small independent nation. If we want to assume control of our country's destiny we must be willing to assume all the responsibilities that will entail."

Brief Strike Staged By Tramway Workers

More than 700 indoor employees of the tramway company in the French Concession struck work on Wednesday morning in support of demands for a 20 per cent wage increase and a Chinese New Year bonus equivalent to two months' wages. At 7 a.m. they failed to arrive for work, but had resumed duty by 3 p.m. when the management promised to consider their demands and give a reply the following day. Motormen and conductors remained at work and service was maintained for the brief period of the strike.

Japanese Open More Gates to Nantao

Five of the 10 gates marking the boundary between the French Concession and Nantao were thrown open on Jan. 24 after being closed for more than two years following the end of the Shanghai hostilities in 1937. While persons entering the Concession could simply walk in, those seeking admission to Nantao were required to show passes issued by the puppet municipality or the Japanese authorities.

500 Die of Cold on Streets of Shanghai

Testifying once again to the extreme hardship which thousands of Chinese undergo in Shanghai due to poverty, 500 corpses, most of them bodies of infants and children under 10, were picked up over last week-end in streets of the International Settlement and French Concession as sub-zero weather gripped the city. Snow began falling last Saturday morning, continued through Sunday morning, with light flurries the following day.

Nanking, according to a *Domei* report, was blanketed under an eight-inch covering of snow. Residents said it was the heaviest snow-fall in seven or eight years. Snowstorms were also reported at Ichang, Hupeh port on the Yangtsze River, at Sian, capital of Shensi province, and at Loyang in Honan province.

The cold-wave was matched in Europe and America, according to reports, and was slowing down the Soviet-Finnish war. *United Press*, in a report from Washington, said that 72 persons died in the United States last Saturday—mostly in accidents to automobiles caused by ice and snow.

Labor Conflicts in the Philippines Spreading

Widespread labor troubles have descended on the Philippines, *United Press* reported from Manila on Jan. 19. Sr. Pedro A. Santos, Socialist leader of striking agricultural workers, estimated that 75 per cent of the hacienda workers in Pampanga, totalling between 25,000 and 30,000 men, were on strike.

The strike movement had spread to Bataan province, it was stated, with 400 sugar plantation workers in the towns of Dinalupihan and Hermosa idle. Strikes were also said to be pending in Nueva Ecija and Tarlac.

Moving to crush the strike movement, Secretary of Labor Jose Avelino authorized the sugar companies to employ strike-breakers and announced that Sr. Santos, the strike leader, would be held responsible for any violence that might occur. The constabulary, *United Press* stated, had been ordered to "meet force with force."

Yee Tsoong Tobacco Co. Employees Go on Strike

Failure of officials of the Yee Tsoong Tobacco Distributors, Ltd. to meet the demands of the workers caused 2,000 employees of the firm to go out on a strike last Sunday, the *Tairiku Shimpo* reported. The paper said that the employees presented demands for increases in wages, improvement of working conditions and payment of bonuses at the end of the Chinese New Year. Their demands unanswered on Sunday, the employees called a strike at 9 o'clock Sunday morning. They are assisted by the Fu-I-Jen-Hui, a workers' welfare society, the paper added.

Mrs. Roosevelt Aids Chinese Cooperatives

Mrs. Franklin D. Roosevelt, wife of the President, is one of the sponsors of a National Committee being formed in the United States for the purpose of raising funds for the Chinese Cooperatives. The report (*Reuters*) stated that large numbers of Chinese refugees from Japanese-occupied areas had been sent to new homes and provided with new work by the Cooperatives which had been functioning in west China for the past 18 months. The *United Press* reported, in a dispatch from New York on Jan. 19, that the American Bureau for Medical Aid in China had announced the receipt of U. S. $55,203.16 which was raised through the so-called "Bowl-of-Rice" parties which were held throughout the United States recently. The Bowl-of-Rice parties, wherein each diner eats a bowl of rice and donates the difference in cost between that and a regular dinner to Chinese charities, were promoted through an organization headed by Theodore Roosevelt, Jr., son of the late President.

Chungking Government to Establish Paper Mill

A report in the *Shanghai Mainichi*, Japanese paper, on Jan. 20 stated that the Chungking Government had ordered machinery for a paper mill which will be established in the vicinity of Chungking and will be capitalized at $3,200,000, half of which will be subscribed by the Government. The machinery will be ordered from the United States. The mill will have a daily capacity of nine tons, thought to be sufficient to supply the requirements of newspapers in west China. An electricity plant of 1,000 K.W. capacity will also be constructed. The plant will be known as the Lung Chang Paper Mill.

Diet Session Formally Adjourned Until Jan. 30

Both chambers of the Japanese Diet formally decided on Jan. 22 to recess until Jan. 30 in accordance with a request by the new Japanese Cabinet. The Diet convened the latter part of December, conducted preliminary work, including the election of officers, and adjourned until Jan. 22. Actual resumption of business in the Diet is not expected to start until Feb. 1.

Missionaries Cannot Return to Shansi

British missionaries who returned recently to their missions in Shansi province were informed by the Japanese military authorities that there was no likelihood of their being able to resume their work there because military operations were still in progress, *Reuter* reported from Peiping on Jan. 20. The missionaries found their properties intact, the report said.

Britain Loses Another Warship

The 1,475-ton British destroyer Exmouth sank when it struck a mine or torpedo on Jan. 23 and it was feared there were no survivors, the British Admiralty announced.

The Exmouth was an "Eclipse type" destroyer, carrying a peace-time complement of 175 men. It was completed in 1934 and was fitted as a squadron leader.

"The Secretary of the Admiralty," the announcement said, "regrets to announce that H. M. destroyer Exmouth, Captain R. S. Benson, was sunk by a mine or torpedo and it is feared there were no survivors. The next of kin have been informed."

Captain Benson received the Distinguished Service Order last December for successful action against submarines while commanding the Exmouth. He commanded the eighth destroyer flotilla stationed in China during 1935 and 1937.

The Exmouth makes the tenth sizeable British warship lost as a result of German action in the present war. The others include the battleship Courageous, the aircraft carrier Royal Oak, the destroyers Blanche, Gypsy and Grenville, the merchant cruiser Rawalpindi, and the submarines Starfish, Seaherse, and Udine. An additional number of trawlers and patrol boats have also been sunk by German mines and submarines.

Change in Soviet Policy Toward China Suggested

A possible indication of a change in Moscow policy toward China, consequent upon Soviet efforts to bring about a rapprochement with Japan, was referred to last week in a dispatch published by the London *Times* from its Moscow correspondent.

The Soviet Government still recognizes the regime of Gen. Chiang Kai-shek, the correspondent wrote, but recent professions of friendship for China which appeared in the Soviet press made more mention of the Chinese people than of Gen. Chiang. In this connection, the correspondent pointed out that the latest official reference to Soviet policy toward China was Dictator Stalin's message to China's generalissimo in which he wished China victory over all her enemies.

Presumably, the correspondent commented, Stalin had in mind the British, French and American "imperialists" whom the Soviet Union also rates as enemies of China.

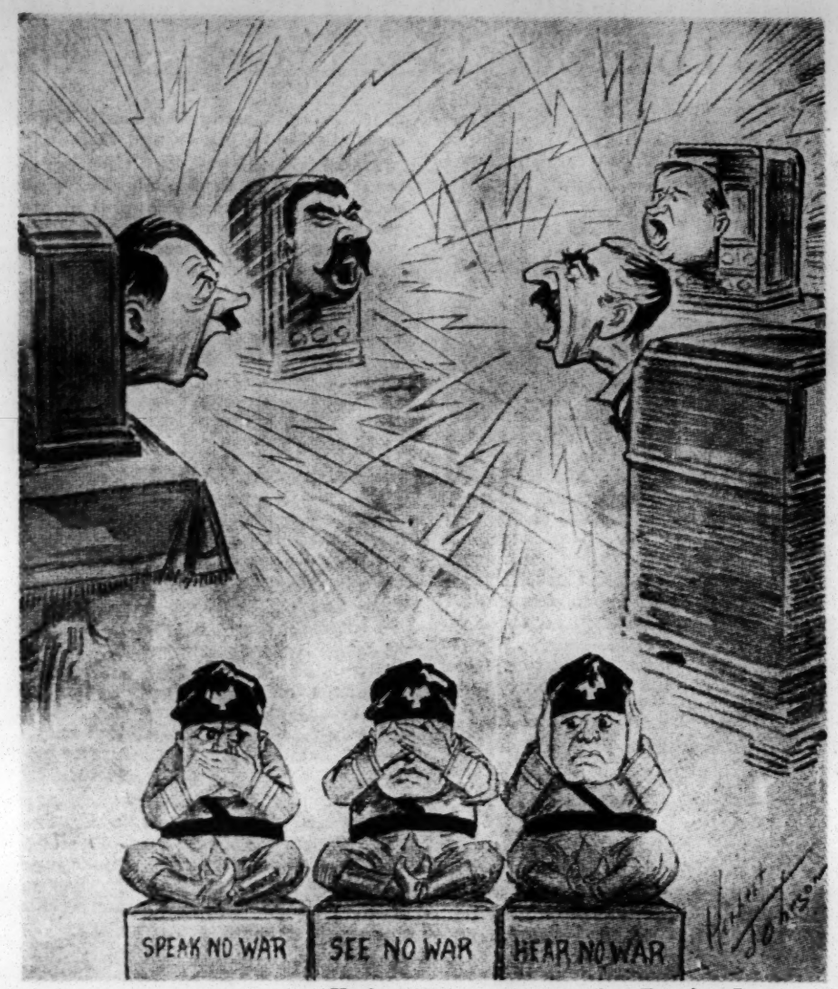
Communist Party in Sweden to be Dissolved

A bill providing for the dissolution of the Communist Party in Sweden will come up for discussion in the Riksdag within the next few days, *Transocean* reports.

The bill, which declares the Communist Party to be the enemy of the state, provides for confiscation of all property belonging to the party.

Two Communist papers published in Sweden, the *Arbetar Tidingen* and *Ny Dag*, have already ceased publication.

World War—1939-40 Style!



Herbert Johnson in Saturday Evening Post

At any rate we prefer it to the last one!

Enormous Losses Caused By Shizuoka Conflagration

Damage estimated at between Yen 70,000,000 and Yen 80,000,000, of which only about one-eighth was covered by insurance, was caused by a devastating fire which swept through Shizuoka, famous tea and orange center 120 miles west of Tokyo, and caused an unknown number of casualties on Jan. 15. More than 28,000 persons were rendered homeless as fire razed some 5,000 buildings in Japan's thirteenth largest city.

The Diet is expected to appropriate funds to rebuild the stricken city, while the Cabinet has decided to release certain materials essential for its reconstruction but which ordinarily would not be available because of the commodity mobilization regulations, Emergency relief measures have meanwhile been put in hand.

Investigation is said to have revealed that the fire started in a stable. From there it spread rapidly through the city and demolished thousands of wooden structures. The post office and the offices of the Shizuoka *Minyu Shimbun*, a newspaper, were gutted, also numerous bank buildings, department stores and schools. One-third of the city's business area was destroyed.

Anti-Semitism Makes Appearance in Britain

According to a *Transocean* report, messages have been received in Amsterdam to the effect that anti-Semitic demonstrations have been occurring in Leicester, England, where a large portion of the clothing and jewelry trades are in the hands of Jews. Police were said to be disturbed by the fact that the word "Jew," painted in a bright red color, appeared on the windows of Jewish-owned shops after each air-raid black-out. Some arrests have reportedly been made.

A court at Lausanne, Switzerland, also according to *Transocean*, has imposed heavy fines on several persons convicted on charges of conducting anti-Semitic propaganda through leaflets which contained "insult and slander."

Yonai Cabinet Given Poor Reception in Japan; Wang's Followers Desert, Expose Secret Agreement

WITH opposition growing to the two-week-old Yonai Cabinet from the Army and political parties, a new political crisis in Japan appears to be brewing. Meanwhile, the Japanese-Wang Ching-wei intrigue in China has suffered a severe blow as a result of the exposure of the so-called "peace terms" by Wang's two ex-followers, Kao Tsung-wu and Tao Hsi-sheng, in Hongkong. Wang is now making a desperate attempt in conference at Tsingtao to overcome the opposition of the Peiping and Nanking puppet leaders, Wang Keh-min and Liang Hung-chih, to his plan for the formation of a new puppet "Central Government," but it is held that early establishment of the government is not likely.

Open Break Reported

It was widely reported in Shanghai last week that an open break had occurred between Wang and three of his leading associates, namely, Chen Kung-po, Kao Tsung-wu and Tao Hsi-sheng over Wang's acceptance of the Japanese-dictated "peace terms" and that the trio had left Shanghai for Hongkong. This report, however, drew an indignant denial from Wang's news service, the *China News Agency*, which characterised it as a "pure fabrication." The denial has now brought ridicule to the agency, as the departure of Kao and Tao from Shanghai has been confirmed and they have also bared Wang's intrigues with the Japanese. The whereabouts of Chen Kung-po are unascertainable, but he is presumed to have gone to Hongkong although Wang Ching-wei sources insist that he is still in Shanghai.

On Jan. 21, Kao Tsung-wu (former director of the Asiatic Affairs Department of the Ministry of Foreign Affairs) and Tao Hsi-sheng (one-time member of the Central Political Council), addressed a joint letter to the *Ta Kung Pao* in Hongkong revealing the details of Wang's agreement with the Japanese signed in Shanghai on Dec. 30 last. The letter said that, astounded by the exorbitant nature of the demands exacted by the Japanese, the writers had obtained photographic copies of the pact, one of which, it was stated, had been sent to the National Government at Chungking.

Terms of Accord

The terms of the accord, according to Kao and Tao, are even more harsh than the notorious "Twenty-One Demands," and their enforcement would virtually reduce China to a Japanese colony. Among other matters the agreement was said to provide:

China's recognition of Manchukuo;

General cooperation between Japan, China and Manchukuo;

Economic collaboration;

A common front against Communism;

Designation of North China and Mongolia as "special zone" for defense and economic development;

Japan's economic predominance in the lower Yangtsze Valley and paramount position in certain designated islands along the south China coast, including Amoy and Hainan.

Other highlights in the agreement are said to include the right of Japan to station troops at strategic points in North China and Mongolia, in the Yangtsze Valley and designated islands in South China.

Japan reserves the right, the agreement continues, to claim and supervise railways, airlines, postal and telegraphic services, also important harbors and water routes in areas garrisoned by Japanese troops. In these areas, Chinese forces should be reduced to a minimum.

Indemnity Said Asked

The agreement is stated to further provide that the proposed new Central Government, after inauguration, shall indemnify all losses sustained by the Japanese nation in China since the beginning of the war.

Provision shall be made, it continues, for agreements to be signed between Japan, China and Manchukuo regarding the development of the resources of customs and trade revenues, aviation communications, postal and telegraph services and astronomical and general surveys.

China shall grant Japan special privileges and facilities to develop and utilize the resources of China, Mongolia and elsewhere. Japan shall appoint advisers to organizations of the new Government in certain designated areas.

Tariff Questions

China will be expected to adopt appropriate tariffs and customs systems, in order to promote commerce with Japan.

Japan and China shall, according to the agreement, cooperate in reconstructing "new Shanghai."

The writers of the letter further revealed that draft of the agreement was presented by Sadaki Kagesa to Chou Fu-hai, Mei Sze-ping (two other Wang followers) and Tao Hsi-sheng, in the Rokusan Gardens in Shanghai, on Dec. 12. Later Wang Ching-wei brought the agreement for discussion to a conference with his followers. Finally, the letter added, yielding to Japanese cajolery and coercion Wang signed the agreement on Dec. 30.

Irrespective of the motives of Kao and Tao in making their revelations, the fact that the Wang-Japanese plot has been exposed by documentary evidence may have far-reaching consequences in future developments of Sino-Japanese politics. It marks the futility and failure of Japanese intrigue in China. Dissension in Wang's own camp not only discredits him before the Chinese public but also disgraces him in the eyes of the Japanese. The Japanese have expected much from Wang; now they cannot but feel that he is impotent even as a puppet. The whole episode will have a great psychological effect on the Government and the Chinese people. It will further strengthen the Government's determination to resist Japanese aggression to the end and fortify the people's faith in the resistance policy, in view of the ruthlessness of Japanese demands.

Leave for Chungking

Kao Tsung-wu and Tao Hsi-sheng reportedly left Hongkong for Chungking by air on Monday of this week to submit a detailed report on the Wang-Japanese intrigue. Meanwhile, their letters to the government, containing a photographic copy of Wang's agreement with the Japanese, had arrived at Chungking.

As a result of the revelation of the agreement, great bitterness prevailed in Chungking against Wang Ching-wei and the Japanese militarists, the Government spokesman said. "The agreement," he explained, "would make China a second Manchukuo and Wang Ching-wei a second Pu Yi." The spokesman also revealed that Generalissimo Chiang Kai-shek had decided to ignore Wang's peace appeal entirely because, he explained, there was no reason whatsoever to talk anything with "that rebel Wang."

Attempts to Cover Up

Evidently shocked and annoyed by the revelation of the agreement, Japanese and "Orthodox" Kuomintang circles were making desperate attempts to cover up the affair. Questioned on the terms of the Wang-Japanese accord as exposed in Hongkong, a Japanese embassy spokesman merely said that the statement of Prince Konoye remained the guiding principle of Japanese policy toward China.

Political circles in Tokyo described the publication of the agreement as "another chicanery of the Chungking Government." The agreement as published in the *Ta Kung Pao* was branded as a "perverted and garbled version."

Chen Chun-po, speaking for Wang Ching-wei, said that allegations made by Messrs. Tao and Kao were "hollow." What was published in Hongkong, Chen asserted, were merely the original Japanese demands. He appealed to the public for patience until publication of the actual agreement.

Tsingtao Conference

A conference of puppets was being held in Tsingtao this week, leading participants being Wang Ching-wei, Wang Keh-min and Liang Hung-chih. Among the lessers lights were Chu Min-yi, Chou Fu-hai, Mei Sze-ping and Lin Pai-sheng of the Wang group; Chi Hsueh-yuan, Wang I-tang and Chu Shen of the Peiping party; and Wen Tsung-yao, Chen Chun and Jen Yuan-tao of the Nanking delegation. Li Shou-hsin, commander of the Mongolian army, was reported to be also participating as a representative of Prince Teh, head of the puppet Mongolian Autonomous Government in Inner Mongolia. He was to discuss with Wang Ching-wei the future relations of the Mongolian administration and the new central regime.

The immediate purpose of this puppet gathering, it was reported, was to discuss fundamental questions regarding the organization and com-

position of a "Central Political Council," which, if established, will be the forerunner of the long-projected puppet "Central Government" with Wang Ching-wei as the head. In the light of this report, establishment of the puppet central regime seems to be still a remote affair, because many preliminaries have to be tackled with and disposed of, which must necessarily involve a considerable time.

To Last One Week

Wang Ching-wei and his party arrived at Tsingtao by air on Sunday (Jan. 21), while the Peiping and Nanking delegations reached the port the following day. The conference was reported to have begun on Wednesday of this week and was to last for a week. Wang was strictly incognito and his whereabouts kept a dead secret. Severe military precautions were being taken to guard against possible attempts at assassination.

The seat of Wang's planned regime is causing some speculation. Reports from Canton, quoted by the *Shanghai Evening Post & Mercury*, discounted the possibility that Wang would go south to establish his puppet government, as the regime, if established, will most likely have its seat in Nanking. Although the main activities of Wang's "peace group" are in Shanghai, their agents are also very active in occupied Kwangtung, attempting to win over the support of the masses, especially families and relatives of the overseas Chinese.

China to 'Keep in Step'

Interviewed prior to his departure for Tsingtao by Minoru Yokota, *Domei's* correspondent, Wang Ching-wei declared that China would "keep in step" with Japan in her foreign policy. "It is very important that there is unity in Japanese and Chinese diplomacies," Wang was quoted as having said.

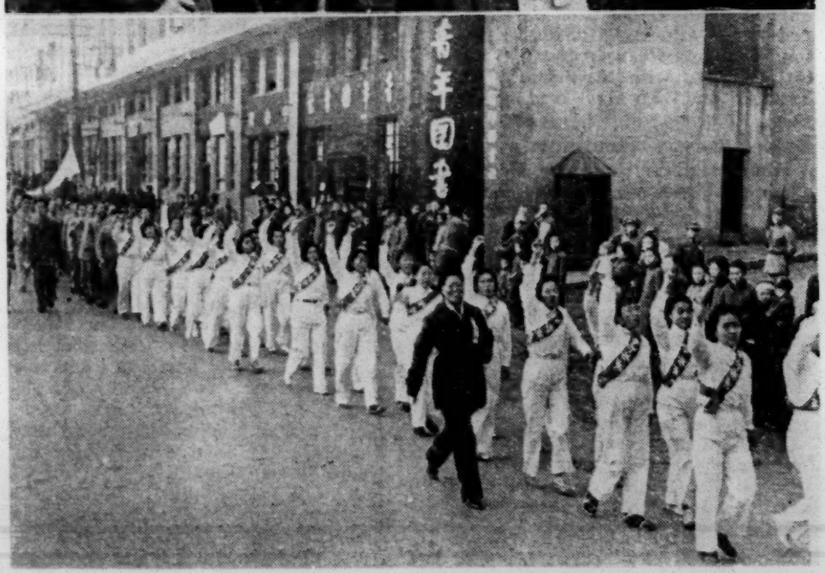
The question of readjustment of Japanese-Chinese relations was stated by Wang as "extremely simple." "All we have to do is to realize the Konoye statement," he asserted. After appealing to the Japanese for support to his projected "Central Government," Wang was quoted to have said: "Your country is strong and at present victorious. How to satisfy a victorious Japan is an important problem."

Death Plot Alleged

Japanese sources asserted that assassination of Wang Ching-wei, Mrs. Wang, Lin Pai-sheng and other "Orthodox" Kuomintang leaders was plotted early this month at a secret meeting of Kuomintang and Communist Party representatives in the French Concession of Shanghai. Those participating in the plot allegedly included Tai Chu, Wang Fu-chung, Yuan Kuo-pin and Chen Chung-jen.

Wang Ching-wei's peace appeal to Generalissimo Chiang Kai-shek was completely ignored by official Chungking. With the exception of the *Ta Kung Pao*, the newspapers made no mention of it. The reference made by the *Ta Kung Pao* was in the form of a scathing attack on Wang. The paper said: "Let us tell this traitor that even the 'great Japanese Empire' must fall prostrate before our prolonged resistance policy. We are not afraid of your installation as a

Christmas and New Year in Chungking



Photos by Thomas Kwang

Christmas parties for war orphans in Chungking were a feature of the festive season in the wartime capital, thanks to Mme, Chiang Kai-shek who is seen in the upper picture arriving at one of the city's ophanages, all of which she visited personally. Col. J. L. Huang of the Officers' Moral Endeavor Association (center) played Santa Claus. Below, Chinese girls parade in festive garb to celebrate the opening of the New Year.

puppet. We welcome the Japanese-arranged funeral for your rotten corpse." The *Ta Kung Pao* emphasized Wang's inability to conclude peace and severely castigated him for suggesting that China cease resisting Japanese aggression.

The *Washington Star*, in an editorial, branded Wang's peace offer to Gen. Chiang as a "confession" of Japanese desperation to end the war in China. The telegram represented a craving for a "saving-face" peace by the Japanese Army, the journal remarked.

After pointing out Wang's inability to command any support among the Chinese people, the *Washington Post*, referring to Wang's appeal for peace with Japan, commented: "Many Chinese with longer memories than Wang recall earlier Japanese promises to withdraw troops from China. The Japanese made the same promises in Manchuria."

Ciano Lauds Wang

In constrast to the attitude of ridicule towards Wang's peace telegram to Gen. Chiang both in China and aboard, it is interesting to note a message of congratulation sent Wang by the Italian Foreign Minister, Count Ciano, who wished him success in "his drive for the establishment of a new China government." Count Ciano also offered Italy's "comradely collaboration in the reconstruction of China" under the leadership of Wang. Wang promptly acknowledged Ciano's message and voiced his gratitude for Signor Mussolini's goodwill.

Both Japanese and Wang Ching-wei sources claimed that a reorganization of the Chungking Government was impending and that Gen. Chiang Kai-shek intended to resign from the presidency of the Executive Yuan in favor of Foreign Minister Wang Chung-hui. Dr. C. T. Wang, former foreign minister, and T. V. Soong were mentioned as possible successors to Dr. Wang in case the latter is promoted to the post of president of the Executive Yuan. Reasons for the alleged Chungking moves were alleged failure of efforts to adjust Kuomintang-Communist relations; deadlock in relations with America, Britain, France and Russia; and growing financial crisis.

British Envoy Mentioned

Meanwhile the Japanese also made much of a recent interview between Gen. Chiang Kai-shek and the British Ambassador, Sir Archibald Clark Kerr, which, *Domei* said, was "very important." Sir Archibald was alleged to have asked Gen. Chiang's views regarding Wang Ching-wei's movement for the establishment of a new puppet central government and Chungking's attitude toward proposals for handing over the Tientsin silver to the Japanese.

Clouds of another political storm in Japan are gathering over the head of Admiral Yonai, premier of the newly-installed Japanese cabinet. While signals of the threatening crisis are many, the most important is provided by the Jikyoku Doshikai, stormy petrel among Diet organizations, which branded the new government as having failed to meet the expectations of the nation. In a statement issued last Sunday, the Diet organization recalled that the Abe Cabinet collapsed because of national dissatisfaction over its blunders and declared that the Yonai Government had also fallen short of the nation's expectations.

GEN. CHIANG DENOUNCES THE SECRET AGREEMENT

Denouncing the secret agreement between Wang Ching-wei and the Japanese authorities as confession of Japan's determination to dominate China, Generalissimo Chiang Kai-shek issued on Tuesday of this week two statements, one addressed to all friendly powers and the other to the Chinese people. Gen. Chiang appealed to all friendly nations to refrain from furnishing Japan with resources to aid her in the attempt to conquer China. He also warned the Chinese people that only by resisting Japanese aggression to the end can they hope to survive the present crisis.

Gen. Chiang pointed out: "So long as the Japanese militarists dominate their country, the policy of aggression and conquest will remain unchanged. From the conquest of China and the utilization of her manpower and resources, it is but a short step to the conquest of Indo-China, the Malay peninsula, the East Indies, India and the Philippines, and the hegemony of the Pacific which was so clearly indicated in the Tanaka Memorial."

Warning the Powers against being tempted by such meaningless gestures as the opening of the Yangtsze under Japanese military supervision, the delimitation of the Manchuria and Mongolia boundary and the lifting of the Tientsin blockade, Gen. Chiang asserted that the implication of the exposed Wang-Japanese agreement is fully clear. He urged all friendly foreign powers to help China and cease aiding Japan.

Undaunted by the exposure of his traitorous deal with the Japanese, Wang Ching-wei in a statement issued on Jan. 23 at Tsingtao affirmed his intention to continue his peace movement. He outlined three aims of the movement: (1) promotion of the welfare of East Asia through cooperation of China and Japan; (2) permanent co-existence and co-prosperity of China and Japan; (3) realization of the conviction that continuation of the present conflict will lead to mutual extinction.

Chou Fu-hai, Wang's chief henchman who now occupies the post of chairman of the Standing Committee of the C.E.C. of the "Orthodox Kuomintang," denied that the terms of the secret agreement as published in Hongkong were authentic. He said that the Hongkong version of the agreement was "only the private draft prepared by a group of Japanese and was not based upon the wishes of the Japanese Government."

The Jikyoku Doshikai attacked the group of senior politicians who were responsible for the recommendation of Admiral Yonai as a candidate for the premiership.

Japanese Army circles were also bitter against the selection of Admiral Yonai as premier. The *Kokumin Shimbun*, mouth-piece of the Army, labelled the selection as a "conspiracy on the part of statesmen near the throne." Kurabei Yuasa, Lord Keeper of the Privy Seal, was singled out for attack as the chief figure in the "conspiracy." The Army apparently had expected the appointment of War Minister Gen. Hata as premier.

Condemns Yonai Cabinet

Voicing the bitterness of high military circles over the affair, the *Kokumin Shimbun* in a strongly-worded article said:"

"The Imperial command given Admiral Yonai against popular predictions was highly shocking to many quarters.....

"Ever since Admiral Yonai, as the Navy Minister in the Hiranuma Cabinet, quashed a Japan-German-Italo alliance by opposing it, the statesmen close to the Throne have been looking to him as a future candidate for the Premiership....

"There is little basis to believe that the new Cabinet will remedy the defects of the outgoing Cabinet. A brief career already is forecast for the Yonai Cabinet."

Chungking Comment

The *Ta Kung Pao* at Chungking saw no change in Japan's policy towards China in spite the installation of Admiral Yonai as premier. The paper pointed out that inclusion of such aggressive army elements as Gen. Koiso (overseas minister), Gen. Hata (war minister) and Hachiro Arita (foreign minister) in the Yonai Cabinet revealed that Japan's determination to conquer China remains unchanged.

If the Yonai Cabinet should attempt to solve the "China Incident" by creating a new puppet regime in Japanese-occupied China, its efforts will be as fruitless as those of the Abe Cabinet, the *Hwa Pao* in Shanghai commented.

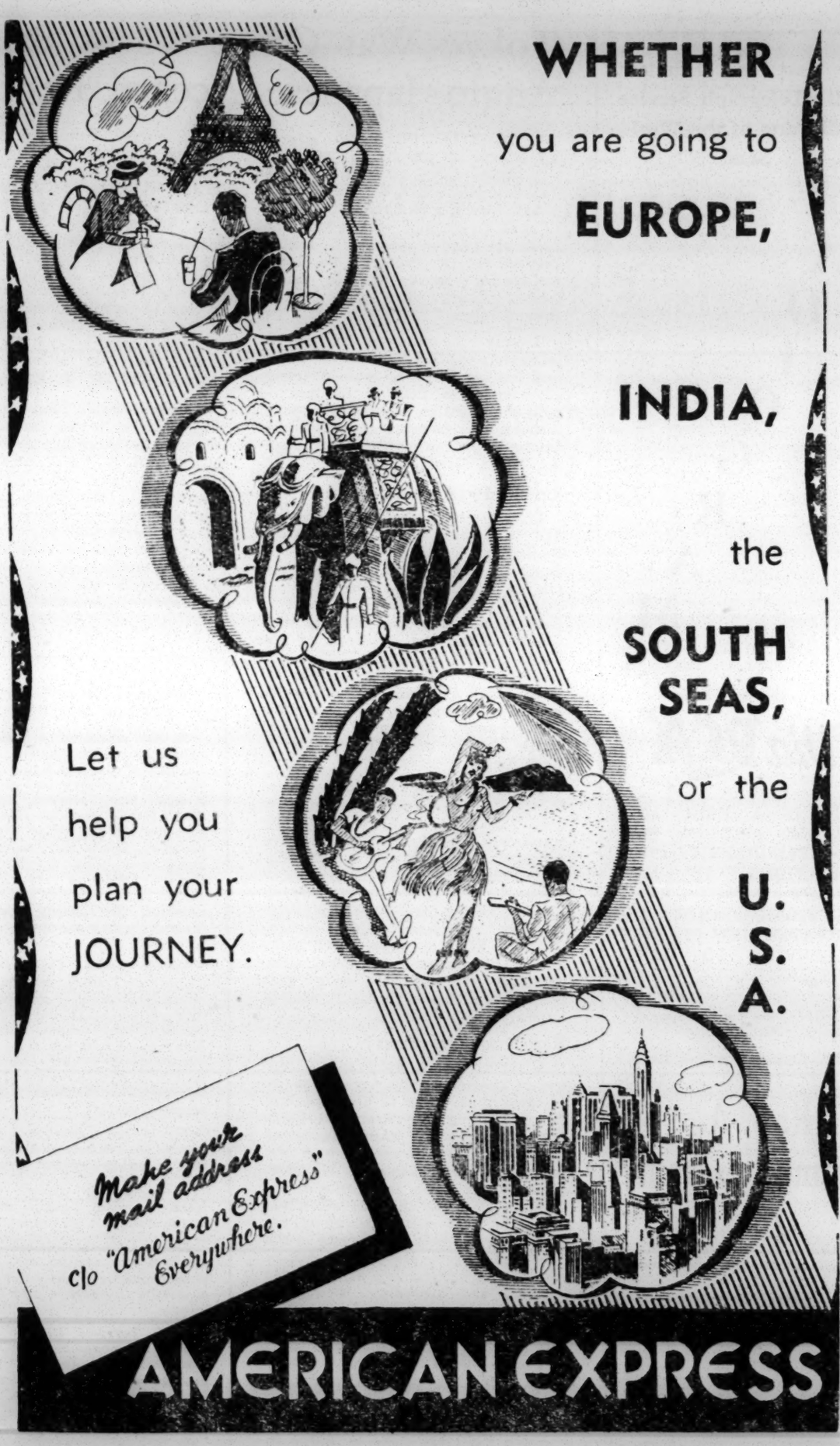
Considerable furore was caused in Wusih recently as a result of the assassination on Jan. 8 of Yang Shou-tung, puppet magistrate of the city. The Japanese military blockaded the city for nearly two weeks but their search for the responsible gunmen was fruitless.

Teachers Given Promise

Better treatment for primary school teachers was promised by Gen. Chiang Kai-shek in a circular telegram to primary school instructors throughout the country last week.

Three farmers in Szechwan, Feng Hsiu-ching, Ma Kuo kwei and Jan Wan-ling, were executed by order of Gen. Chiang Kai-shek on the charge of cultivation of the opium poppy in violation of the government's anti-opium law.

Gen. Wu Chung-hsin, chairman of the Mongolian and Tibetan Affairs Commission, who has been specially delegated by the National Government to officiate at the ceremony of installation of the 14th Dalai Lama, arrived at Lhasa, capital of Tibet, last week. The installation ceremony is scheduled for the Feb. 23.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Tokyo War Office Warns Britain; Anglo-Japanese Accord Reported

SUGGESTING that Britain's recent efforts to placate or "appease" Japan have not satisfied the Japanese militarists, the War Office in Tokyo issued a pamphlet on Jan. 19 in which warning was given that political and economic friction between the two countries was bound to deepen "unless Britain fundamentally changed her hostile attitude toward Japan."

Twenty thousand copies of the pamphlet, entitled "Armies of Japan and Foreign Powers," were distributed among the fighting services, in both houses of the Diet, in educational institutions, government offices and among civilian organizations throughout Japan, *Domei* reported.

Unfriendly Attitude Alleged

Britain, the pamphlet complained, had been interfering with Japan's continental policy, especially in Japan's problems in China, thus placing obstacles in the way of Japan's efforts to establish peace in East Asia and better relations with China. Since the outbreak of the China conflict, moreover, Britain had displayed an unfriendly attitude toward Japan and had blocked Japan's economic development, it was asserted. The Japanese people were advised to watch closely Britain's attitude in East Asia.

The pamphlet also had references to the Soviet Union, which country, it was stated, is still pursuing its traditional policy of "eastward advance" and displaying a "challenging attitude" by concentrating armed forces in the border areas. Soviet armed strength was estimated at 110 infantry divisions, 35 cavalry divisions, 8,000 airplanes, 8,000 tanks and 50 mechanized brigades. The pamphlet expressed the belief that Soviet armed forces in Asiatic Russia numbered 400,000 men.

Kerr-Kato Agreement ?

A report issued by Wang Ching-wei's *China News Agency* on Jan. 20 asserted that, prior to his departure for Chungking, Sir Archibald Clark Kerr, the British Ambassador to China, had held discussions with Mr. Sotomatsu Kato, Japanese Minister-at-Large, regarding the lifting of the Tientsin blockade, the Tientsin silver issue, the proposed reopening of the Yangtsze, and British interests in the Far East in general. As a result of the talks, a satisfactory solution was reached, and according to reports from Chungking the British envoy had secured Gen. Chiang Kai-shek's approval for the "proposals reached between Minister Kato and himself."

The nature of these "proposals" was not stated by Wang's agency, which additionally reported that Minister Kato had gone to Tokyo to report to the new Japanese cabinet.

A prophecy that headquarters of the Shanghai Municipal Police will assume henceforth an increasingly anti-Japanese complexion was made on Jan. 18 by the local Japanese Army organ, *Tairiku Shimpo*, which said that Britons known for their anti-Japanese attitude were now occupying key positions. The paper referred to the replacement of Deputy-Commissioner G. W. Gilbert, who has retired, by Deputy-Commissioner T. Robertson as head of the Crime Branch. Mr. Robertson has headed the Political Branch since the retirement several years ago of Mr. T. Patrick Givens.

Mr. Robertson's place in the Political Branch, it was further pointed out, is to be taken by Assistant Commissioner R. W. Yorke, now in charge of "B" Division, who is described, according to the paper, as "being notorious for his dislike of Japan." These changes the paper concluded, "will mean that the British camp at Police Headquarters under Captain H. M. Smyth will consist wholly of anti-Japanese elements."

BRITISH DENY SECRET TREATY WITH JAPAN

A flat denial of a Washington newspaper report stating that a member of the U.S.Senate Foreign Relations Committee had discovered a secret treaty between Japan and Great Britain providing for British neutrality in the event of a war between Japan and the United States was issued by the British Foreign Office on Jan. 22. The alleged treaty was also said to have provided that Britain would not obstruct Japan's attempt to conquer China.

British Officials, *United Press* reported from London, said the rumors of such a treaty were absurd in view of the background of relations between the nations concerned. The Senator who made the alleged discovery, they said, must have been a victim of either German, Communist or American isolationist propaganda.

The alleged secret treaty, according to an I.N.S. report, contained the following specific provisions:

1.—A British pledge not to interfere with Japan's attempts at the conquest of China;

2.—A Japanese pledge not to threaten the security of British possessions in the Far East, especially Singapore and Hongkong;

3.—A Japanese pledge not to launch a movement for expansion to the south, and not to menace either Australia or the Netherlands East Indies.

4.—British recognition of Japan's "New Order in Asia" policy with regard to China.

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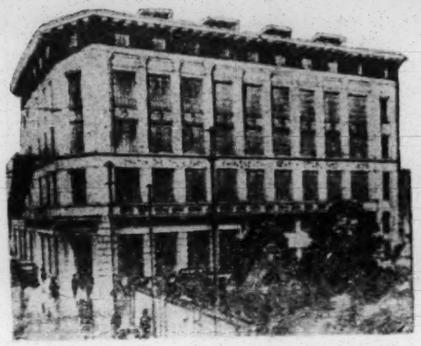

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U.S. Court Approves Asia Realty Plan

A decision in favor of the purchase of the defunct Asia Realty Company's stock by Messrs. F. B. Bills and G. Bourne, for the sum of $1,754,000, was made by Judge Milton Helmick in the United States Court for China on Jan. 22 when he approved of the Plan of Reorganization of the company, as proposed by Dr. George Sellett, trustee and liquidator.

"I think," the Judge said, "that on the whole this is a rather happy culmination of the unfortunate failure of the company, and I think the general creditors are coming out a great deal better than anyone anticipated."

Creditors' Interests First

According to the plan, $1,283,340.38 will be available for general unsecured creditors, at a rate of between 35 and 40 per cent. "I must emphasize," the Judge stated, "that the interest of the general creditors is the primary and paramount interest of the Court. If the company is insolvent, the stockholders, of course, have not an iota of interest, and it would be grossly improper for the court to award them any interest or worry a great deal about their rights."

When the hearings were opened, Mr. Cornell S. Franklin, representing Mr. Speelman and a group of debenture holders, told the court that his clients wished to withdraw their previous objection to the plan of reorganization, and were willing to give it their acceptance.

Continuing to represent another group of shareholders, Mr. N. F. Allman submitted that Dr. Sellett had undervalued the company's assets by $1,876,578. "All real estate men are pessimistic," he stated, "and the trustee is so close to a pessimistic circle that he is looking through extremely blue spectacles."

Shanghai Land Values

Mr. Allman said that it would be in the interests of stock and debenture holders all over the world, who had no opportunity to examine the valuations arrived at by the trustee, if the company continued in trusteeship for at least another year.

Land values in Shanghai, he explained, were rising; and in a year's time, the company could find itself in a position more favorable both for itself and for its stock and debenture holders.

Replying, Dr. Sellett stated that even if he had undervalued the company's assets by $1,876,578, as submitted by Mr. Allman, the company would till be insolvent; as in its present state of liquidation it was $2,547,214 short of paying off general unsecured creditors.

Regarding the possibility that increasing land values in Shanghai night increase the company's assets if the trusteeship were continued, Dr. Sellett said that this supposition was extremely problematical.

"I think," he said, "that the whole question depends on the state of the Chinese currency. Stockholders may find that in a year's time they will be getting more dollars, but no more money."

Singapore Invokes Defense Law Against Men on Strike

Cracking down on activities likely to hinder war-time operations, the Singapore authorities put the Defense Regulations Act into effect against local strikers on Jan. 18, *United Press* reported. Police armed with long batons and shields arrested 11 dockyard strikers, who will be charged with preventing work in essential services, the report stated.

Singapore authorities *United Press* said, have been taking a serious view of the wave of industrial unrest which set in since war broke out in

"Look Behind You, John!"

Japan Times

Europe. A dockyard strike had prevented the repair, of British naval ships and had even crippled the power plant.

Authorities were determined, it was stated, to take every precaution and enforce strict measures against "agitators who were believed to have accepted Nazi funds to create labor strife." The China Relief Fund advertised in the Singapore press dissociating itself from the strike movement. At the same time, strike leaders addressed their followers urging them to refuse to return to work despite the defense regulations and the warnings of the authorities

According to a *Transocean* report from Kabul on Jan. 17, at least 20 persons were killed at Burhanpur, India, when police fired on demonstrators protesting food scarcity and high prices. Disorders, the agency said, were spreading. At Nagpur, bands of hungry and enraged people stormed food shops, while at Cawnpore 2,000 Indian workers demonstrated against the high cost of living. At Jawalpur, 62 persons were wounded in collisions with the police, the German agency said, adding that in Gorakpur a state of siege had been proclaimed, according to dispatches received in Kabul.

Japanese Shell American Mission in Kwangtung

A Japanese warship shelled the property of the American United Brethren Mission at Suilam, Kwantung, on Jan. 4, wrecking the operating room in the mission hospital and breaking a large number of windows, it was learned in Peiping on Jan. 19, according to a *United Press* report. A shell tore a huge hole 11 feet deep in the mission compound, the report said, adding that there had fortunately been no casualties. It was recalled that the same mission had been shelled last June 12, despite prominent American flags flown on the property.

Denial that Japanese soldiers had looted a French Catholic mission at Yamning, near Yanchow, western Kwangtung, on Dec. 12 was made Jan. 19 by the local Japanese military spokesman. Investigations, the spokesman said, had shown the French allegations (local French authorities lodged a protest on Dec. 26) were without foundation. The mission was not only intact, but was taking care of 300 Chinese refugees. In addition to extending protection to the mission, Japanese troops were giving facilities to the missionaries to obtain food for the refugees, the spokesman said.

The spokesman also denied allegations, made in an American protest on Jan. 10, that Japanese forces had looted on Dec. 21 and burned the following day the property of the American Christian and Missionary Alliance at Lungchow, Kwangsi province, despite the prominent display of American flags. Investigation had revealed, he said, that the mission was burned by the spread of a fire started by Chinese troops when they retreated from Lungchow.

Thieves operating in the Japanese-occupied territory north of Soochow Creek, Shanghai, stole a 250-lb brass bell from the grounds of the Russian Orthodox Church in Wayside Road recently. The bell was detached from a small bell-tower during the night and removed, probably on a motor truck, the priests of the church surmised.

Nanking Puppets to Replace Shanghai Mayor?

For "unknown reasons," the puppet Reformed Government in Nanking has decided to reorganize the puppet City Government of Shanghai, the *National Herald* reported Jan. 20. Fu Siao-en, the present Mayor of Shanghai, will be replaced by Mr. Chang Ping-hui, counsellor in the Ministry of Interior of the Reformed Government, the paper declared.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

January 1

Nine Japanese planes shot down and one Chinese plane missing in Japanese air raids on Lanchow, Kansu capital, on the three days following Christmas, according to Gen. Whang Ping-hung, Commander of the Northwest Air Force. Civilian casualties totalled about 200; property losses enormous.

Chinese pursuit craft shot down eight Japanese fighting planes in the air battle over Liuchow, northern Kwangsi, on Dec. 30, according to Chinese report.

Twenty Japanese planes raided the Yunnan Railway, 100 kilometers from the Indo-China border.

New Year messages issued by many government leaders including Chairman Lin Sen, Generalissimo Chiang Kai-shek, Finance Minister H. H. Kung, Foreign Minister Wang Chung-hui, envisaging a better future for China during the year and expressing confidence in China's ultimate triumph over her present crisis. Gen. Chiang predicted that Japan would intensify her efforts to break down the morale of the Chinese people in the coming year, and urged them to devote their entire time, attention, talents and even their lives to the national cause. The Generalissimo especially emphasized the importance of national spiritual mobilization as a means to overcome hardships.

The festive atmosphere of Tokyo was marred by a threatening cabinet crisis, with the fate of the Abe government hanging in the balance as 250 members of the Lower House had passed a resolution demanding its resignation. Premier Abe Abe saw 1940 as the most crucial year, said that the international situation was gloomy and urged the cooperation of the Japanese people in the execution of the national policies. War Minister Gen. Hata warned that Japan had a long way to go before a complete settlement of the China conflict.

Japan purchased more scrap iron from the United States in 1939 than in any previous year, according to a **United Press** report from New York. The purchases for the first eleven months of 1939 amounted to 1,898,742 tons.

The Military Affairs Commission at Chungking said in a statement issued last night that Japan had 39 divisions aggregating 800,000 men in various China fronts in 1939 and sustained some 400,000 casualties. In 1938, Japanese losses were placed at 350,000.

Gen. Lung Yun, Chairman of Yunnan, sworn in office as director of the Generalissimo's Headquarters at Kunming.

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January 2

Violent explosions occurred (yesterday) near Peiping, causing much alarm among the inhabitants. The explosions reportedly caused by the hitting of an ammunition dump at Fengtai when the town was bombed by two Chinese planes. Japanese circles explained the explosions were caused by bombing practice.

Chinese guerillas active near Canton, Japanese troops at Fushan, 12 miles to the southwest of Canton, attacked.

Field headquarters of Gen. Yu Han-mou, acting Commander-in-Chief of the 4th War Zone, claimed occupied by Japanese troops on Dec. 31, when Sanhwachen in northern Kwangtung was occupied, according to Japanese report.

Currency situation in Canton serious; shortage of one dollar notes acute.

Sir Archibald Clark Kerr, British Ambassador, arrived at Hongkong from Shanghai en route to Chungking.

Viscount Kano, London manager of the Yokohama Specie Bank, declared (yesterday) that the Sino-Japanese conflict would end in a month in a "magnanimous peace." Japan, he said, wanted only access to China's raw materials and a better market for Japanese goods.

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January 3

The Japanese Imperial Guard division allegedly annihilated while its protecting columns compelled to retreat to the south along the Sunfung-Yungyuen highway in northern Kwangtung, according to Chinese field dispatches received at Chungking. The Imperial Guard joined the Japanese northward drive along the Canton-Hankow Railway before Christmas following their recent arrival at Canton.

A new Chinese "Central Government" would be established in the near future, but this did not necessarily mean an early settlement of the China affair, said the War Minister, General Shunroku Hata yesterday, in a New Year message to the nation.

Japanese naval aircraft bombed (yesterday) a tunnel and several bridges of the Kunming-Hanoi Railway near Mengtze, Yunnan, according to a Japanese naval communique.

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January 4

Chinese claim major victory in northern Kwangtung. The Japanese "Christmas offensive" said completely crushed with the Japanese suffering 12,000 casualties, Chungking military spokesman announced. Chinese successes followed a vigorous general offensive on New Year's Day.

Sir Archibald Clark Kerr, British Ambassador, arrived at Chungking by air from Hongkong.

The French Ambassador, Henri Comse, now visiting Chungking, lauded Chinese resistance against invasion "as a cause upholding national liberty and maintaining world peace."

The ceremony of the 14th incarnation of the Dalai Lama scheduled to take place on Feb. 23 at Lhasa.

Early inauguration of the long-projected puppet central government of China with Wang Ching-wei as the head predicted by Chinese circles in Peiping. The people in North China, however, retain their faith in Gen. Chiang Kai-shek as the only man who can unify China and negotiate peace with Japan.

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January 5

Urging the United States not to furnish Japan with further supplies of munitions, the People's Political Council, of which Gen. Chiang Kai-shek is president, urged America to declare an embargo on the export of war materials to Japan. The appeal was contained in statement summarizing the results of the two recent meetings of the Council.

Premier Gen. N. Abe threatened to dissolve the Diet in the event of a clash taking place between opposition members and the Cabinet after the sessions are resumed on Jan. 21, the Tokyo **Yomiuri** reported.

Commenting on Chinese reports of Japanese defeat in northern Kwangtung, Major Nishihara, Japanese officer in Canton, asserted that the Japanese had

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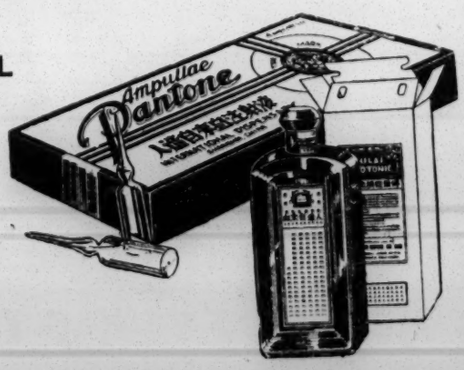

Who's Who in China

Col. Hsieh Chin-yuan, army officer; native of Kwangtung; as deputy commander of a battalion of the 88th Division, he participated in the war of resistance against the Japanese in Shanghai in 1937; during the progress of the war, he was charged with the defence of a section of Chapei near

謝晉元

the North Railway Station; throughout the period of hostilities in that area, his battalion maintained its position intact despite severe Japanese attacks; when the main Chinese army withdraw from Chapei on Oct. 26, 1937, his battalion was ordered to fight rear-guard action; after the battalion's route of retreat was cut following the Japanese occupation of Chapei, he took up a position in the Joint Savings Bank godown on the north side of the Soochow Creek and continued resistance; in the face of furious Japanese attacks from all sides, he held out defiantly; his battalion was the famous "Lone Battalion," which resisted the Japanese for four days and nights under almost desperate conditions; the fight was so spectacular as to attract international attention; at the request of Shanghai's foreign military authorities because they feared that continued fighting would endanger the safety of the International Settlement and the French Concession, the battalion was ordered by Gen. Chiang Kai-shek to be withdrawn into the Settlement on Oct. 31 across a bridge over the Soochow Creek; despite the heavy Japanese machine-gun fire directed at the path of retreat, the evacuation was carried out orderly and efficiently with little loss of life; since Oct. 31, 1937, the battalion has been interned in the Settlement by the Shanghai Municipal Council; address: Concentration Camp of the "Lone Battalion," Kiaochow Road Park, Shanghai.

missed their mark. The would-be assassins were reportedly first arrested by the private guards of the Sun Sun gambling house in the Japanese-controlled "Ta Tao" territory. They were then turned over to the "Ta Tao" police, subsequently taken to the headquarters of the "Social Affairs Department of the Orthodox Kuomintang" at 76 Jessfield Road and finally to the Headquarters of the Japanese Gendarmerie in western Shanghai. "Mayor" Fu Siao-en of the "Shanghai Special Municipality," admitted that the gunmen had been arrested when he called on Mr. Phillips congratulating him on his escape. Japanese military authorities denied that the three gunmen had been apprehended and placed in the custody of the Japanese gendarmerie.

Fifty thousand Japanese troops suffered casualties in Kiangsi alone during 1939 in a total of 500 battles, it was officially announced in Chungking.

Japanese troops burned the hospital of the British-owned Methodist Missionary Society outside Wutingfu, Shantung, on December 25, on the charge of "treating guerillas," according to a telegram received at Tsingtao.

The Sino-Soviet Trade Treaty concluded in Moscow on in June, 1939 ratified by the Presidium of the Supreme Soviet of the U.S.S.R.

The Kunming-Hanoi Railway raided by Japanese planes yesterday. Among the places bombed were the airfield at Mengtze and a railway bridge near the French Indo-China border.

Wang Ching-wei staged a display of his military organization at Chengju, suburb of Shanghai, where some 800 cadets of his "Central Military Officers' Training Corps" paraded before a group of foreign newspapermen. Gen. Yeh Peng, formerly Garrison Commander of Wuhan and now Dean of the Corps, received the visitors on behalf of Wang who was not present.

no intention of occupying Shaokwan or any other towns in Kwangtung. The aim of recent Japanese operations northward of Canton, he said, was only to destroy the headquarters of the Chinese forces under Gen. Yu Han-mou.

*
**

January 6

G. Godfrey Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council, narrowly escaped death this morning, when he was attacked by three gunmen, two of whom were disguised as ricshaw pullers. More than 10 shots were fired, but all

In the United States Court for China

In re. Last Will and Testament of JOHN McGREGOR GIBB, JR. Deceased

Cause No. 4448

Special Proceedings No. 2327

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of John McGregor Gibb, Jr., deceased, to present the same with vouchers to the undersigned on or before August 20th, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Alice Gibb Dobbs
Thomas Candlin Gibb
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c/o Allman, Davies & Kops
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Shanghai, China.

Shanghai, China.
January 22, 1940.

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Men and Events

Nelson T. Johnson, U. S. Ambassador to China, accompanied by his staff, departed for Hankow on Monday morning, Jan. 22, aboard the U. S. S. Luzon. The party included Admiral W. A. Glassford, Commander of the Yangtsze Patrol; Com. H. E. Overesch, Naval Attache, stationed in Peiping; Major William

Nelson T. Johnson

Mayer, Miiitary Attache at the Legation in Peiping, and Major J. M. McHugh, Assistant Naval Attache, stationed at the American Embassy in Chungking. While in Hankow the party will be guests of C. J. Spiker, Consul-General. Ambassador Johnson and staff are scheduled to depart from Shanghai on Feb. 8 for French Indo-China and will proceed to Chungking by way of Kunming. They probably will be accompanied by Judge Milton J. Helmick of the U. S. Court, who is planning to make a trip through southwest and west China. The *China News Agency*, organ of the Wang Ching-wei faction, in referring to Johnson's trip to Hankow, said that the purpose of the trip was to survey losses suffered by American interests during the Sino-Japanese hostilities. The Wang news agency also alleged that while in Hankow the American Ambassador probably would confer with Gen. Toshizo Nishio, Commander of Japanese forces in China (also thought to be in Hankow) and this report had caused much concern to the Chungking Government.

•

Commander Toyo Mitsunobu and Commander Masaharu Kawabata of the Japanese Navy entertained local newspapermen and correspondents at cocktails at Broadway Mansions Hotel on Monday of this week.

•

The Joint Savings Bank, organized by the Continental Bank, Kincheng Banking Corporation, Yen Yeh Bank and China and South Seas Bank, made a profit of $777,000 in 1939, according to a report in the *Shun Pao*. The Joint Savings Bank occupies the ground floor of the Park Hotel.

The Japan Airways Company's plane Yamato, having successfully completed a goodwill flight to Rome, commenced winging its way homeward late last week and reached Haneda airport, Tokyo, on Jan. 23.

•

M. Nicholas Cali, who has been Egyptian Minister to the Netherlands, has been appointed Minister to Japan. M Abdel Wahab Daoud Bey, present Egyptian Minister to Japan, has been transferred to Greece.

•

General Chiang Kai-shek issued a circular order on Jan. 20 that the week of Feb. 11 to Feb. 18, embracing the Chinese Lunar New Year Holidays, be set aside for the entertainment of active servicemen throughout the territory of the National Government. Persons residing in Japanese-occupied territory were asked to contribute funds toward the same objective.

•

More than 300 members of the St. John's Alumni Association attended the annual meeting and dinner of the organization on Wednesday evening, Jan. 24, at the Chinese Y. M. C. A. E. T. Tsu, business manager of *The China Press*, who is chairman, presided. Speeches were delivered by Judge Milton J. Helmick of the U. S. Court and Dr. F. L. Hawks Pott, president of the University. Members of the faculty were guests at the dinner. Officers for the coming year, who were elected at the meeting were, President. W. K. David Au, Secretary, Tsha Oo Tsang, Treasurer Yang Siao-nan.

Robert Kwok, son of Kwok Wing-shui of the Wing On Company, and Miss Dora Ellis, niece of R. K. Laing of Hongkong, were married at the Park Hotel, Shanghai, on Saturday, Jan. 20. William Gockson, official of the Wing On Company and member of the Municipal Council, officiated. There was a reception at the Park Hotel following the ceremony.

•

Two British gunboats, formerly stationed on the Yangtsze, the H. M. S. Mantis and H. M. S. Cricket, are now being broken up at the Harvey Shipbuilding Works in the Pootung section. Another gunboat, the H. M. S. Bee, also well known on the Yangtsze and at China coast ports, was broken up at the Harvey shipyard a year ago. The Mantis and Cricket were purchased at public auction by V. Lenois of Shanghai, the terms of sale requiring the ships to be broken up.

•

C. E. Gauss, American Consul-General; Y. Miura, Japanese Consul-General and A. H. George, British Consul-General, will constitute the Shanghai Court of Consuls for the coming year, according to announcement of the Consular body last week. The Court of Consuls hears all cases brought against the Municipal Council of the International Settlement. The first case to be brought before the court this year was a suit filed by Michael Storchile, former member of the Russian Volunteer Corps, who claims $8,866 damages for injuries received at the Shanghai Rifle Range during the Sino-Japanese hostilities in August, 1937.

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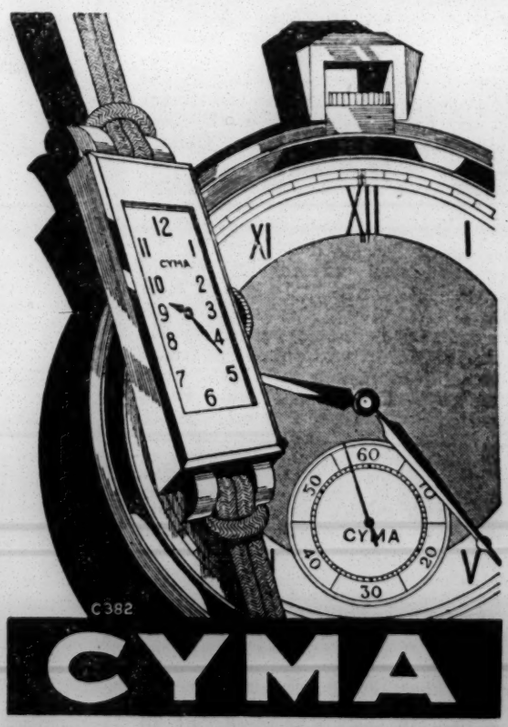

Loaded with scrap-iron from America, the s.s. Nyugat, first Hungarian vessel to touch at Japan since World War I, entered the port of Yokohama on Jan. 17. Mr. George de Ghika, Hungarian Minister to Japan, entertained the master of the vessel and six officers at tea in the Imperial Hotel, Tokyo.

•

The local harbor authorities announced this week, according to the China News Agency, that vessels arriving from Hongkong after Jan. 23 would be subjected to quarantine restrictions due to an outbreak of smallpox in the British colony. Passengers and seamen not having vaccination certificates will be held on board their vessels while in Shanghai, it was stated.

•

The Wing On Company, Fed. Inc. U. S. A., operators of department stores in Shanghai and Hongkong and a large cotton mill in Shanghai, opened a branch office in the downtown section of New York on Jan. 20, according to *United Press* report. The Wing On interests were previously incorporated under British law at Hongkong but recently reincorporated under the regulations of the China Trade Act.

•

A proposal to increase the capital of the Japanese Government-owned South Manchuria Railway from Y. 800,000,000 to Y. 1,400,000,000, was approved by a special meeting of shareholders of the company held at the Imperial Railway Association in Tokyo on Jan. 20. The proposal to increase the capital has been under consideration for several years but the directors had been unable to obtain the approval of the Government. According to reports in Tokyo, the Manchukuo Government is expected to invest considerable money in the company.

Thirty-five Jewish refugees from Europe reached Shanghai on Jan. 18 aboard the Italian liner Conte Verde and were given temporary accomodation in the New Asia Hotel, Hongkew.

•

Dr. Chang Po-ling, vice-president of the People's Political Council and an outstanding Chinese educator, declared in a radio broadcast at Chungking on Jan. 19 that China intended to continue her fight for freedom from Japanese domination. He urged the United States to place an embargo on war materials to Japan and expressed the opinion that such action would shortly lead to a stabilization of political conditions in the Far East.

•

As a result of stories printed in *The China Press* last week the sum of $168 was contributed toward the repatriation to Hopei province of a Chinese family named Yang who had attracted considerable attention by advertising their son for sale. The family came to Shanghai, with letters from American missionaries certifying to their good character, hoping to find relatives who previously resided in Chapei. Unable to find the relatives due to the destruction of their house during the fighting in Chapei, the northern Chinese family, consisting of two brothers and their wives and four children, found themselves in destitute condition and offered to sell their small son in order to obtain funds for a steamship passage back to Hopei province.

The annual meeting of the Royal Asiatic Society was scheduled for Thursday afternoon of this week at the Society's Hall, 20 Museum Road, at 5:30 P.M. The agenda of the meeting included reports of officers, presentation of accounts and election of new officers for the present year. N. Maas is honorary secretary of the organization.

•

G. Godfrey Phillips, Secretary and Commissioner-General of the International Settlement, departed on Sunday, Jan. 21 on a three weeks' vacation trip to Singapore. Mr. Phillips had a narrow escape from death on Jan. 6 when Chinese gangsters from the badlands area fired on him with revolvers as he was leaving his house for the office. By crouching on the floor of his car he escaped the bullets intended for him and they passed through the car above the seat.

•

Japanese military authorities have seized more than $270,000,000 in Chinese customs revenues, according to a report published by the *Sin Wan Pao*. The report claimed that the customs funds seized by the Japanese constituted 80 per cent of the customs revenues of the entire country. The total sum collected by the Customs Administration in 1939 amounted to $331,320,000, of which the Japanese military authorities seized $270,000,000 at Shanghai, Tientsin, Kiaochow, Chinwangtao and Tunghai. The money was deposited at the Yokohama Specie Bank which has made no report on the amount or disposition of the money.

How An Australian Girl Improved Her Looks.

The experience of an Australian girl, Miss M. Higgins, of Tumbulgum, Tweed Rivers, New South Wales, will be read with interest by all who are anxious to improve their appearance. "Since I have taken Dr. Williams' Pink Pills so many people have remarked upon the improvement in my looks", states Miss Higgins. "For two years I was subject to fainting and giddy spells. I did not feel like eating. I was never well and felt listless and tired all day. I read about Dr. Williams' Pink Pills and after taking them I feel better in every way and my health has improved immensely. I have never been so well in all my life and can recommend Dr. Williams' Pink Pills to anyone who is underweight and anaemic."

No matter how perfect your features or how attractively you may dress, if you suffer from anaemia you cannot expect to look your best. Many health disturbances, too, are the result of impoverished blood; digestive weakness, loss of weight and strength, emaciation, breathlessness, nervous troubles, rheumatism, boils, and women's ailments. But, build up your blood with Dr. Williams' Pink Pills and radiant health can be yours. From all chemists.

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Dr. C. T. Wang, former Foreign Minister at Nanking and later Ambassador to the United States, will head a goodwill mission to Burma, which will include 30 youths who will play basketball and give dramatic performances. The goodwill mission will repay a similar mission which Burma recently sent to Chungking.

•

Chang Kia-ngau, Minister of Communications of the National Government at Chungking, informed delegates of the Yunnan Provincial People's Council, that work on the railway connecting Yunnan province and British Burma would be continued. Minister Chang, who was formerly manager of the Bank of China at Shanghai, is now in Yunnan inspecting construction work on the various Yunnan railways. Yunnan leaders feared that work on the railway might be discontinued due to difficulty in obtaining steel rails and bridge materials from foreign countries.

•

Charitable organizations in the United States plan to ship to China shortly 250,000 bags of cracked wheat, according to reports published in local newspapers this week. The report apparently originated with a *United Press* dispatch from Washington, D. C. stating that the Department of Agriculture was resuming wheat and flour export subsidies from West Coast ports to China, Hongkong and the Philippines. It was claimed the limited resumption of export subsidies would provide an additional outlet for wheat surplus estimated at 25,000,000 bushels.

•

Two British naval officers and 27 British seamen arrived at Ningpo on Tuesday of this week, having made the trip overland in Chinese Government trucks from Chungking. The men included officers and crew of H. M. S. Sandpiper, river gunboat stationed on the Upper Yangtsze at Chungking. Since the officers and men could not proceed down the river because of Japanese obstruction at Hankow, they decided to make the trip overland—950 miles—in Chinese trucks. Stocks of munitions belonging to the Sandpiper were destroyed and the ship was left in drydock. Another party consisting of some 40 Germans arrived in Shanghai from the interior several days previously, having also made the trip overland by truck and bus.

Two Germans, long resident in China, have recently become Chinese citizens, according to report from Chungking on Monday of this week. They were Dr. William Rosenberg, practicing physician in Shanghai for the past six years, and Eugen Lichtenstein, who has resided in China for the past 25 years. Mrs. Lichtenstein, formerly Florence Dupeux, who was of French nationality, also became a Chinese citizen. Dr. Rosenberg served with the German forces in the first World War and was awarded the Iron Cross. The German consular authorities confiscated his passport last year, allegedly due to intrigue of local Nazis.

•

Foreign and Chinese charities in Shanghai benefitted to the extent of $26,000 (Chinese currency) as a result of donations by the Shanghai Race Club this week. The largest sum received by any organization was $3,000 by an association of 22 Chinese charities. Those receiving $1,000 included the Salvation Army, Kings Daughters, Portuguese Benevolent Society. The British Women's Association, Royal Society of St. George, St. Andrew's Society, Latvian Benevolent Association each received $500. The Russian dining hall and hut received $1,000. American organizations received contributions as follows: Community Chest $800, American Navy Y. M. C. A. $200, American Women's Club $100. The Irish St. Patrick's Society received $400, the Canadian Society $200 and the German Hilfe $300.

•

Funeral services were held in Bubbling Well Chapel, Shanghai, on Tuesday, Jan. 23, over the remains of Mr. and Mrs. Hubert S. Honigsberg, who were killed in the Tibet Road bombing on August 14, 1937. The services were held by the Gen. Frederick Ward Post, American Legion, with Chaplain R. R. Marken of the Fourth U. S. Marines officiating. Mr. and Mrs. Honigsberg and their chauffeur were driving home on the afternoon of Saturday, Aug. 14 when two airbombs struck near their car killing all three occupants. Since neither Mr. nor Mrs. Honigsberg had relatives here the Legion decided to conduct a funeral service. Mr. Honigsberg, who was a veteran of the Spanish-American War, had previously been a leading motor car dealer in Shanghai.

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New Books of Interest in the Far East

History of a City

LOS ANGELES PROPER AND IMPROPER—By Margaret Gilbert Mackey. The Goodwin Press, Los Angeles, California, 181 pages.

The period from the opening of Southern California's first college, (today Loyola University) by the Vincentian Fathers in a home donated by Don Vincente Lugo in 1865, to the long struggle and completion in 1938 of the "biggest engineering job ever undertaken in the United States" (the aqueduct line which brings water from the Colorado River to the City of the Angels) is the theme of this fascinating history of the development of one of the greatest American cities.

The book was effectively designed by Genevieve Ellis, there is a clear map of the South Coastal Basin on the end papers and eighty-two interesting pictures of the Los Angeles area yesterday and today. Although all readers may not find interest in the smaller details of Los Angeles city life today as described in the later chapters, the first half of the book is well-written, romantic history of universal interest.

Led by Don Felipe de Neve, Governor of California, "Eleven First Families" were brought across the hills from San Gabriel Mission on September 4, 1781, to settle "El Pueblo de Nuestra Senora la Reina de los Angeles de la Porciuncula." They were to be given the land they had cultivated in five years time. On January 10, 1847 American forces entered the town, one of the last to fall before the Stars and Stripes. The methods used by Americans, interested only in wealth, toward the Californians are well known, and many years passed before there was any chance for understanding.

The chaotic last half of the 1800's in the Los Angeles area is vividly described, including the Chinese Massacre of 1871 which climaxed twenty years of general lawlessness.

Here the turning point came and the remainder of the story is one of progress, marked by such highlights as the development of Los Angeles harbor, the oil boom, the development of the motion picture industry, the building of Hollywood Bowl, and, of course, the aqueduct.

The book is well-indexed. If there is anything you want to know about the general history of the Los Angeles area, past or present, this should be the first place to look.

M. B.

Newsman's Philosophy

I WANT TO BE HAPPY: Some Helps Toward Building a Right Frame of Mind and Defenses Against Useless Worries—By Henry J. Richmond. Burton Publishing Company, Kansas City, Missouri, 1939. Cloth, 85 pages. U.S.$1.00.

Mr. Richmond is an American newspaperman whose point of view in his work as a foreign correspondent has been that the brotherhood of man must be stressed even in the most troublous times. In this little book he has looked at some of the causes of personal unhappiness and suggested some ways to obtain peace and quiet. The simplicity of statement does not cover the profound truth of his affirmations, which deal with the situations found in ordinary daily life.

F.

The Sino-Japanese War

A DIGEST OF JAPANESE WAR CONDUCT — Compiled by Shuhsi Hsü, Ph.D. Sometime Adviser to the Chinese Ministry of Foreign Affairs. Kelly and Walsh, Ltd., Shanghai, 1939, Cloth, 102 pages.

This volume is number six in the political and economic studies on the war prepared under the auspices of the Council of International Affairs, Chungking. The material is drawn from the chapter contributed by Dr. Hsü to the 1938-39 Chinese Year Book, with the addition of more recent information relative to the different subjects.

The book deals with the following topics: Mowing Down Refugees; Killing Prisoners of War; Plundering and Burning Cities; Looting, Rape and Murder; Interference with Allegiance; Drugging the People; Indiscriminate Bombings; Sinking Fishing and Local Trade Junks.

The material is taken from various sources: private circulars, letters, signed statements such as those from western observers in Nanking, *Reuter* and *United Press* dispatches, *The China Weekly Review*, The *Rock*, a Jesuit monthly in Hongkong, and from various newspapers — The *North-China Daily News, Shanghai Evening Post and Mercury, Hongkong Sunday Herald, South China Morning Post.*

F. M. R.

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January, 1940 Vol. X. No. 1

EDITORIAL COMMENTARY

ARTICLES

The Lore of Chinese Seals *By Yeh Ch'iu-yuan* (葉秋原)
Cultural Trends in Latin America *By Wilbur Burton*
Thoughts and Fancies *By Lucas Yü* (於震寰)

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BOOK REVIEWS

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The Colonial Question

IN QUEST OF EMPIRE: THE PROBLEM OF COLONIES—By Walter Consuelo Langsam. Headline Book No. 19. The Foreign Policy Association.

This handbook of 96 pages, nineteenth in the series of Headline Books, is written in a popular, readable style and is well illustrated by statistical tables and charts. Like most of the Headline Books it has an air of propaganda about it, and while treating adequately the colonial expansion of empire, whether by direct conquest or by the so-called proctectorate and mandate systems, it leaves something to be desired to make up a complete case.

France in Morocco and Italy in Libya and Abyssinia are taken as specific examples. But how can any real, full discussion of the colonial question leave out the British Empire and its far-flung colonies and dependencies? When we come to Chapter VII, entitled "Germany Wants Her Colonies Back," we begin to get a hint as to the purpose of the book.

The final chapter offers "Some solutions that have been proposed." However, in the concluding paragraph, after having reviewed the stock solutions familiar to all, the author asks the question, "What is the Outlook?" and has to admit that it is rather dark and discouraging, for "solutions that would satisfy one side evidently won't satisfy the other." And there we are, back where we were in the beginning.

J. F.

Facing Alternatives

WE OR THEY: TWO WORLDS IN CONFLICT—By Hamilton Fish Armstrong. New York. The Macmillan Company. Ninth Printing (first published in 1937). 106 pages. Price U.S.$1.50.

The passage of time and the turn of events have made this book even more timely than when it first appeared. With all his ardor and resources the author, well-known as the editor of *Foreign Affairs*, points the way to Americans for the survival of their democracy. To many, this guidance is indeed welcome. What are Mr. Armstrong's ideas?

His thesis is simply that the benefits of the democratic system can be guaranteed to the U.S. in two ways:

(a) By taking a constructive part in international affairs to bring about world peace;

(b) By strengthening the foundations and the workings of democracy at home.

However, before he gets to these points he takes great pains to reveal the menace to the world that the totalitarian governments are. Not only does he retrace their internal oppressions, but, more important, also their deliberate breaking of international agreements. He maintains that in such an atmosphere relations between nations cannot continue. It becomes truly a case of "We or They".

While this record is now an old story, Mr. Armstrong suggests that in international affairs the U. S. should intervene through her economic and financial power and work especially to avoid nations which sharpen international rivalries by the creation of closed, barter economies.

At home, the U. S. must make sure that the rights both of majorities and of minorities are upheld, but that not even a majority shall sign away its liberty under a dictator. Or to quote, "Even the sovereign right of the people stops short of the right of suicide". This chapter is an eloquent exposition of how fascism came to settle down in Europe as people unused to democratic government failed to use and strengthen it when they had such machinery after the World War. With these as examples, the citizen of the United States is cautioned to think more seriously of his native land.

This reviewer finds a serious shortcoming in the well-informed author's argument—the book is entirely on the defensive. Admitting that the essay was written to show "Two Worlds in Conflict" and how the U. S. might preserve her own precious liberties, it leaves one wondering where Mr. Armstrong stands after the defeat of totalitarianism and international lawlessness. What would he suggest that his good Americans do on making sure that the international conditions which breed totalitarianism—and thus further unrest—are wiped out? In other words, is there not a deeper responsibility for world peace by the "have" nations than merely preserving democracy within their own borders? No honest criticism of international affairs is complete without at least suggesting this basic problem.

T. H.

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In the United States Court for China

AT SHANGHAI, CHINA

STATHATOS & CO., LTD. *vs.* SS. PETER KERR — No. Cause 4456 Civil 2335 IN ADMIRALTY.

In obedience to a Warrant of Seizure to me directed, in the above-entitled cause, I have seized and taken into my possession the following-described property to wit: The SS PETER KERR, her boats, tackle, apparel and furniture. For the causes set forth in the libel now pending in the U. S. Court for China, at Shanghai, China, I hereby give notice to all persons claiming the said described SS PETER KERR, her boats, tackle, apparel and furniture, or knowing or having anything to say why the same should not be condemned and forfeited, and the proceeds thereof distributed according to the prayer of the libel, that they be and appear before the said Court, at the United States Court Room, in the City of Shanghai on the 6th day of February, 1940, at 10 o'clock on the forenoon of that day, if the same shall be a day of jurisdiction, otherwise on the next day of jurisdiction thereafter, then and there to interpose a claim for the same, and to make their allegations in that behalf.

GORDON CAMPBELL

Marshal of the United States Court for China.

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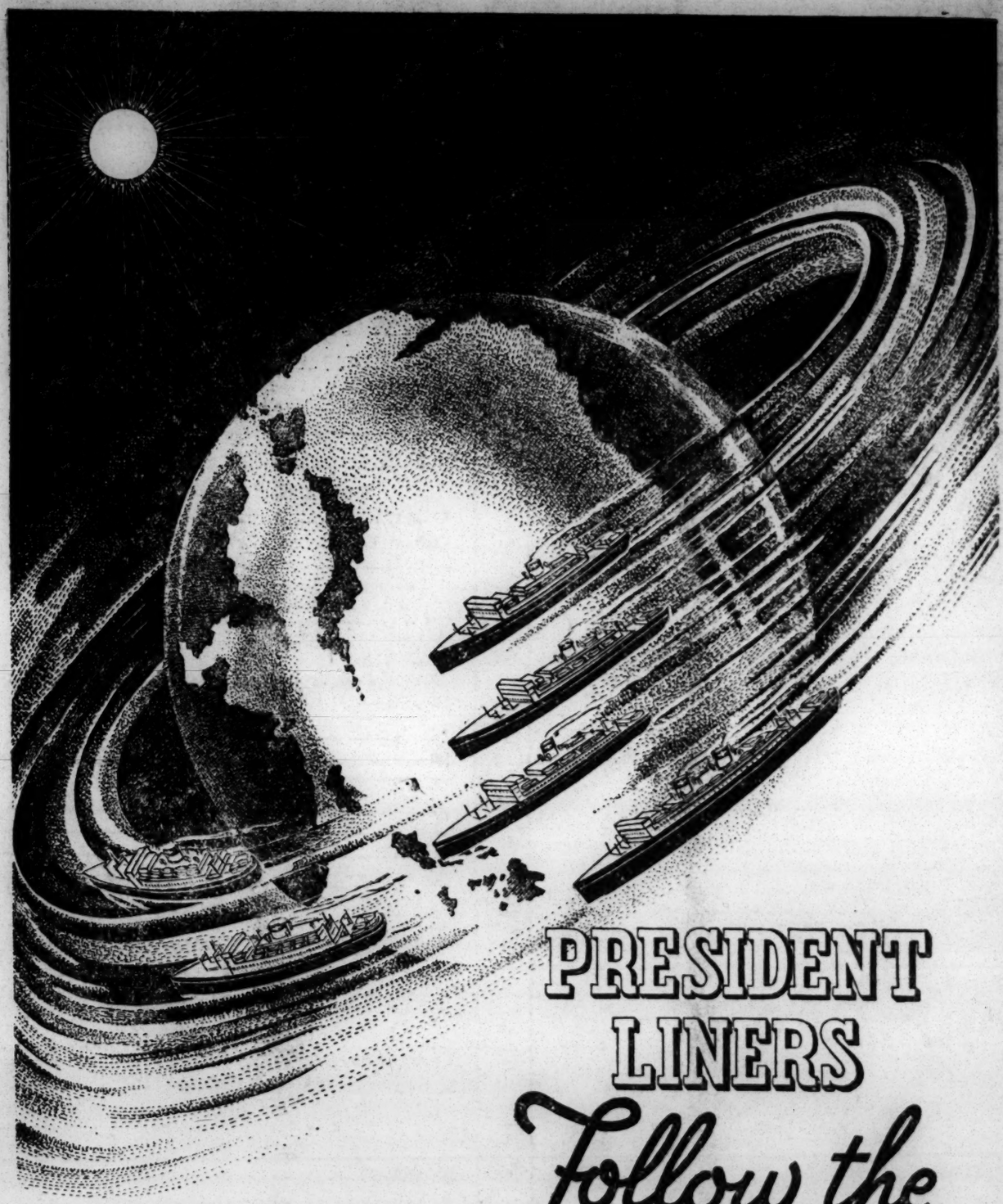

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